

TROUTMAN SANDERS LLP

ATTORNEYS AT LAW
A LIMITED LIABILITY PARTNERSHIP

401 9TH STREET, N.W.
SUITE 1000
WASHINGTON, D.C. 20004-2134
www.troutmansanders.com
TELEPHONE: 202-274-2950

Sandra L. Brown
sandra.brown@troutmansanders.com

Direct Dial: 202-274-2959
Fax: 202-654-5603

June 30, 2004

VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Room 704
Washington, D.C. 20423

RECORDATION NO. 25032 FILED

JUN 30 '04

4-40 PM

SURFACE TRANSPORTATION BOARD

RE: Rail Recordation No. _____, and _____ -A
Coal Railcars Operated by Georgia Power Company

Dear Secretary Williams:

I am enclosing herewith an original and one duplicate original of a primary document, and an original and one duplicate original of a secondary document, described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code, as well as an additional copy of each document to be stamped and returned to the person delivering this filing. A description of the equipment covered by these documents follows hereafter.

Primary Document: The primary document is an Equipment Leasing Agreement dated June 30, 2004.

The names and addresses of the parties to the primary document are as follows:

Lessee:

Georgia Power Company
c/o Southern Company Services, Inc.

ATLANTA • HONG KONG • LONDON • NORFOLK • RICHMOND
TYSONS CORNER • VIRGINIA BEACH • WASHINGTON, D.C.

TROUTMAN SANDERS LLP
ATTORNEYS AT LAW
A LIMITED LIABILITY PARTNERSHIP

The Honorable Vernon A. Williams
June 30, 2004
Page 2

270 Peachtree Street, N.W., Suite 2000
Atlanta, GA 30303

Lessor:

BTM Capital Corporation
111 Huntington Avenue, Suite 400
Boston, MA 02199

A description of the equipment covered by this document is as follows:

699 coal cars with 4,400 cubic foot capacity, non-rotary aluminum, AAR Mechanical Designation HTS, AAR Car Type Code K341, manufactured by Johnstown America Corporation, marked with reporting mark HYWX. The individual cars covered by this document are identified in the Lease Supplement No. 1 filed herewith.¹

Summary for the index: The primary document is an Equipment Leasing Agreement between BTM Capital Corporation ("Lessor") and Georgia Power Company ("Lessee"), of the addresses shown above, dated June 30, 2004, and covering 699 coal cars with 4,400 cubic foot capacity, non-rotary aluminum, AAR Mechanical Designation HTS, AAR Car Type Code K341, manufactured by Johnstown America Corporation, marked with reporting mark HYWX. The individual cars covered by this document are identified in the Lease Supplement No. 1 filed herewith.

Secondary Document: There is one secondary document also filed herewith that relates to the Equipment Leasing Agreement, which is:

1. Lease Supplement No. 1, relating to the Equipment Leasing Agreement between BTM Capital Corporation ("Lessor") and Georgia Power Company ("Lessee"), of the addresses shown above, dated June 30, 2004, and covering HYWX 2001 through 2700 (inclusive), excluding car no. HYWX 2414, which was destroyed.

¹ These 699 coal cars were previously recorded under Recordation Nos. 22798, 22798-A, 22798-B, 22798-C and 22798-D. Recordation No. 22798 and its affixes (Recordation Nos. 22798-A, 22798-B, 22798-C, and 22798-D) originally contained 700 coal cars. However, car no. HYWX 2414 (filed under Recordation No. 22798-C) was destroyed.

TROUTMAN SANDERS LLP
ATTORNEYS AT LAW
A LIMITED LIABILITY PARTNERSHIP

The Honorable Vernon A. Williams
June 30, 2004
Page 3

Summary for the index: The secondary document is Lease Supplement No. 1 to the Equipment Leasing Agreement between BTM Capital Corporation ("Lessor") and Georgia Power Company ("Lessee"), dated June 30, 2004, covering 699 coal cars with 4,400 cubic foot capacity, non-rotary aluminum, AAR Mechanical Designation HTS, AAR Car Type Code K341, manufactured by Johnstown America Corporation, and covering HYWX 2001 through 2700 (inclusive), excluding car no. HYWX 2414, which was destroyed.

The names and addresses of the parties to the foregoing secondary document are the same as the parties to the primary document.

Enclosed please find a check for this filing in the amount of \$60.00. Please return all enclosed documents not needed by the Board for recordation to the person delivering this filing.

Sincerely yours,

Sandra L. Brown (VBB)
Sandra L. Brown
Virginia Brunelli Balestrieri
Attorneys for Georgia Power Company

Enclosures

Filing Version

EQUIPMENT LEASING AGREEMENT

dated as of June 30, 2004

between

BTM CAPITAL CORPORATION,
as Lessor

and

GEORGIA POWER COMPANY,
as Lessee

RECORDATION NO. 25032 FILED
JUN 30 '04 4:40 PM
SURFACE TRANSPORTATION BOARD

THIS IS COUNTERPART NO. 2 OF FIVE SERIALY-NUMBERED MANUALLY-EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE PERFECTED THROUGH THE POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

<u>Section</u>	<u>Page</u>
13. <u>Identification Marks; Inspection</u>	23
14. <u>Assignment and Subleasing</u>	23
(a) <u>By Lessee</u>	23
(b) <u>By Lessor</u>	24
15. <u>Liens</u>	25
16. <u>Loss, Damage or Destruction</u>	26
(a) <u>Risk of Loss, Damage or Destruction</u>	26
(b) <u>Payment of Casualty Loss Value Upon an Event of Loss</u>	26
(c) <u>Application of Payments Not Relating to an Event of Loss</u>	27
17. <u>Insurance</u>	27
18. <u>General Tax Indemnity</u>	28
19. <u>Indemnification</u>	31
20. <u>NO WARRANTIES</u>	33
21. <u>Lessee's Representations and Warranties</u>	34
22. <u>Events of Default</u>	37
23. <u>Remedies Upon Default</u>	38
24. <u>Lessor's Right to Perform for Lessee</u>	41
25. <u>Late Charges</u>	41
26. <u>Further Assurances</u>	41
27. <u>Notices</u>	41

<u>Section</u>	<u>Page</u>
28. <u>Lessee's Renewal, Purchase and Sale Options</u>	41
(a) <u>Lessee's Renewal Option</u>	42
(b) <u>Lessee's Purchase Options</u>	42
(c) <u>Third Party Sale of Equipment</u>	44
29. <u>End-of-Term Rental Adjustment</u>	45
(a) <u>Third Party Sale of Equipment</u>	45
(b) <u>Lessee Payment</u>	45
30. <u>Covenants of Lessee</u>	45
(a) <u>Financial Information</u>	46
(b) <u>Mergers, etc.</u>	46
(c) <u>ERISA</u>	46
(d) <u>ERISA Information</u>	46
(e) <u>ERISA Notice</u>	47
(f) <u>Litigation</u>	47
31. <u>Payment of Transaction Expenses</u>	47
32. <u>Owner for Income Tax Purposes</u>	47
33. <u>LIBO Suspension</u>	47
(a) <u>Illegality</u>	47
(b) <u>Inability to Determine LIBOR</u>	48
(c) <u>Match Funding</u>	48
(d) <u>Increased Cost and Reduced Return</u>	48
34. <u>Governing Law; Waiver of Jury Trial</u>	50
35. <u>Miscellaneous</u>	50

Schedule

Schedule I - Notice Information

Exhibits

Exhibit A - Form of Lease Supplement

Exhibit B - Form of Funding Notice

EQUIPMENT LEASING AGREEMENT

EQUIPMENT LEASING AGREEMENT dated as of June 30, 2004 (herein, as amended and supplemented from time to time, called "this Lease"), between BTM CAPITAL CORPORATION, a Delaware corporation (herein called the "Lessor"), having its principal place of business at 111 Huntington Avenue, Suite 400, Boston, Massachusetts 02199, and GEORGIA POWER COMPANY, a Georgia corporation (herein called the "Lessee"), having its principal place of business at 241 Ralph McGill Boulevard, N.E., Atlanta, Georgia 30308.

In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions; Construction.

(a) Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Lease and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Acquisition Cost" of each Item of Equipment means an amount equal to the sum of (i) the total cost paid by Lessor for such Item, plus (ii) all Transaction Expenses approved and paid by Lessor in connection with the delivery and installation of such Item (it being understood that, for the purposes of utilizing Acquisition Cost to determine Basic Rent, Casualty Loss Value, Estimated Residual Value, Maximum Lessee Risk Amount and Maximum Lessor Risk Amount with respect to an Item of Equipment, Transaction Expenses will be applied pro rata to all Items of Equipment).

"Affected Party" means Lessor or any of its successors and assigns.

"Affiliate" means, with respect to any Person, another Person (i) which directly, or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person, (ii) which, directly or indirectly, of record or beneficially, owns or holds 10% or more of the shares of any class of capital stock of such Person having voting power or (iii) as to which 10% or more of the shares of any of the capital stock of the Affiliate having voting power is owned or held, directly or indirectly, of record or beneficially, by or for such Person.

"After-Tax Basis" means, with respect to any payment to be received, the amount of such payment increased so that, after deduction of the amount of all taxes required to be paid by the recipient (less any tax savings realized and the present value (discounted at the Applicable Rate) of any tax savings projected

to be realized by the recipient as a result of, in the case of a cash basis taxpayer, the payment, or, in the case of an accrual taxpayer, the accrual of the amount in respect of which the indemnity payment is being made and in respect of the indemnity amount) with respect to the receipt by the recipient of such amounts, such increased payment (as so reduced) is equal to the payment otherwise required to be made.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greater of (i) the rate of interest per annum publicly announced by The Bank of Tokyo-Mitsubishi, Ltd. as its prime rate in effect on such day at its principal office in New York City (each change in the Prime Rate being effective from and including the date such change is publicly announced as being effective) or (ii) one-half of one percent (1/2%) in excess of the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or if such rate is not so published on any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by Lessor from three federal funds brokers of recognized standing selected by Lessor.

“Applicable Law” means all applicable laws, statutes, treaties, rules, codes, ordinances, regulations, permits, certificates, orders, interpretations, licenses and permits of any Governmental Authority and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction.

“Applicable Margin” means XXX%.

“Applicable Rate” means, so long as Lessee has not exercised its Fixed Rate Conversion Option, the Variable Rate Percentage, and if Lessee has exercised its Fixed Rate Conversion Option, the Fixed Rate.

“Assignee” has the meaning given to such term in Section 14 hereof.

“Basic Rent” means the rent payable for each Item of Equipment during (i) the Basic Term pursuant to Section 7(a) or Section 7(d) hereof (as applicable), and (ii) the Renewal Term if this Lease is renewed pursuant to Section 28(a) hereof.

“Basic Term” means the period commencing on the Basic Term Commencement Date and ending on the seventh anniversary of such date unless earlier terminated in accordance with the provisions hereof.

"Basic Term Commencement Date" means the Closing Date.

"Business Day" means any day other than a day on which banking institutions in the State of New York or the State of Georgia are authorized or required by law to close and, if the LIBOR is then the basis for calculating Variable Rent, a day on which dealings in Dollars are carried on in the London interbank market.

"Casualty Loss Value" of each Item of Equipment as of any Rent Payment Date means an amount determined by multiplying the Acquisition Cost of such Item of Equipment by the percentage set forth opposite such Rent Payment Date on Schedule I attached to the Lease Supplement.

"Closing Date" means the date of the execution and delivery of this Lease by the parties hereto.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time, or any comparable successor law.

"Commitment Amount" means an Acquisition Cost of \$XXXXXX per rail car for a total Acquisition Cost of \$XXXXXXX, plus the related amounts described in clauses (a) and (c) of the definition of Transaction Expenses to the extent that such related amounts, in the aggregate, do not exceed \$XXXXX.

"Deemed Event of Loss" means that, at any time during the Term, Lessor or any of its Affiliates, by reason of the ownership of the Equipment or any part thereof or the lease of the Equipment to Lessee under this Lease or any other transaction contemplated by this Lease or any of the other documents executed and delivered in connection herewith, shall be deemed, by any Governmental Authority having jurisdiction, to be, or to be subject to regulation as an "electric utility", a "gas utility" or a "public utility" or a "public utility holding company" or an "affiliate" of any of the foregoing or similar term, under any Applicable Law or deemed a "public utility company" or a "subsidiary company" or a "holding company" within the meaning of the 1935 Act, provided, however, that (A) if Lessee or Lessor shall be permitted to contest or to assert an exemption from the foregoing categorizations that would otherwise constitute a Deemed Event of Loss, and (B) Lessee, with the cooperation of Lessor, shall have acted diligently and in good faith to contest or obtain an exemption from the requirements of Applicable Laws that would otherwise constitute a Deemed Event of Loss, then such Deemed Event of Loss shall be deemed not to have occurred for such period as is permitted for the assertion of such contest or exemption under such Applicable Laws, so long as (C) Lessee shall have furnished to Lessor an opinion of independent counsel in form and substance reasonably satisfactory to Lessor, to the effect that there exists substantial

authority for such contest or exemption and that a determination under such Applicable Laws shall be effectively stayed during the application for exemption or contest and shall not be subject to retroactive effect at the conclusion of such contest, (D) such contest or exemption shall not materially adversely affect Lessor's rights under this Lease or to the Equipment, or involve any unreasonable danger of the sale, foreclosure or loss of its rights under this Lease or the Equipment, and (E) Lessee shall have agreed to indemnify Lessor and its Affiliates (in a manner reasonably satisfactory to Lessor) for Expenses incurred in connection with such contest or exemption.

"Default" means any condition or event that after notice or lapse of time or both would constitute an Event of Default.

"Disclosure Documents" means Lessee's Annual Report on Form 10-K for the year ended December 31, 2003, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.

"Equipment" means the Johnstown America Corporation aluminum hopper railcars of the type(s) described on the Lease Supplement and leased by Lessor to Lessee hereunder, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed therein which are or become the property of Lessor pursuant to the terms of this Lease.

"Equipment Documents" means the written materials related to the description and specifications of the Equipment, as such documents may be amended or supplemented from time to time, provided to Lessor by Lessee, and identified as such by the parties hereto on the Closing Date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which is under common control within the meaning of the regulations under Section 414(b) or (c) of the Code as amended from time to time, or, solely for the purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (i) a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC; (ii) the provision by the administrator of any Plan of notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan

amendment referred to in Section 4041(e) of ERISA); (iii) the cessation of operations at a facility resulting in the termination of employment of more than 20% of the total number of participants in a Plan; (iv) the withdrawal by Lessee or an ERISA Affiliate of Lessee from a Multiemployer Plan during any plan year for which material liability may be incurred by Lessee or such ERISA Affiliate as a result of the imposition of any withdrawal liability (within the meaning of Section 4201 of ERISA); (v) the failure by Lessee or an ERISA Affiliate of Lessee to make a payment to a Plan required under Section 302(f)(1) of ERISA, which failure results in the imposition of a Lien for failure to make required payments; (vi) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (vii) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan. (viii) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, or (ix) the filing pursuant to Section 412 of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan.

"Estimated Residual Value" with respect to any Item of Equipment means the Acquisition Cost of such Item multiplied by the Estimated Residual Value Percentage set forth in the Lease Supplement.

"Event of Default" means any of the events referred to in Section 22 hereof.

"Event of Loss" with respect to any Item of Equipment means (i) the permanent loss of such Item of Equipment, or (ii) unless Lessee has irrevocably exercised its purchase option as to that Item under Section 28(b) hereof, the loss of the use of such Item of Equipment due to theft or disappearance for a period in excess of 90 days or the remainder of the Term, whichever is less, or (iii) the destruction, damage beyond repair, or rendition of such Item of Equipment permanently unfit for normal use for any reason whatsoever, or (iv) the condemnation, confiscation, seizure, or requisition of title to such Item of Equipment by any Governmental Authority under the power of eminent domain or otherwise, or (v) the requisition of use of such Item of Equipment for a period in excess of the remainder of the Term, or (vi) a Deemed Event of Loss.

"Expenses" shall mean liabilities, obligations, losses (excluding loss of anticipated profits), damages, claims, actions, suits, judgments, and reasonable out-of-pocket costs, expenses and disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever.

“Fair Market Sales Value” means, with respect to any Item, the amount that would be paid in cash in an arm’s-length transaction between an informed and willing purchaser and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, for the ownership of such Item.

“Fixed Rate” is defined in Section 7(d) hereof.

“Fixed-Rate Rent” means for any Rent Payment Date, as to an Item of Equipment, the amount obtained by multiplying (a) the Casualty Loss Value for such Item of Equipment (as set forth in the Lease Supplement) with respect to the immediately preceding Rent Payment Date by (b) the Fixed Rate set pursuant to Section 7(d) hereof by (c) the number of days in the Rental Period ending on such Rent Payment Date, by (d) 1/360.

“Fixed Rent” means, with respect to each Item of Equipment on each Rent Payment Date, XXX% of the Acquisition Cost of such Item of Equipment.

“Funding” means the payment of the aggregate Acquisition Cost for all Items of Equipment.

“Funding Notice” is defined in Section 4(b) hereof.

“Funding Office” means the office of Lessor hereafter identified in writing as its Funding Office.

“Governmental Authority” shall mean any federal, state, county, municipal, foreign, international, regional or other governmental authority, agency, board, body, instrumentality or court.

“[I]ncluding” means including, without limitation.

“Indemnified Party” is defined in Section 19 hereof.

“Interest Period” means each Rental Period.

“Internal Revenue Service” means the United States Internal Revenue Service or any successor agency or regulatory authority.

“Item of Equipment” or “Item” means one of the railcars more specifically described in the Lease Supplement and leased to Lessee hereunder, together with the related appurtenances, additions, improvements, equipment and replacements thereto.

"Lease Supplement" means a Lease Supplement substantially in the form attached hereto as Exhibit A, to be executed by Lessor and Lessee with respect to each Item of Equipment as provided in Section 4 hereof, evidencing that each such Item is leased hereunder.

"Lessee" is defined in the preamble of this Lease.

"Lessor" is defined in the preamble of this Lease.

"LIBOR" means, relative to any Interest Period when Variable Rent is payable, the rate per annum (rounded upward, if necessary, to the nearest 0.00001%) equal to the one-month London interbank offered rate quoted on Telerate Page 3750 at or about 11:00 a.m. (New York time) two Business Days before the first day of such Interest Period.

"Lien" means liens, mortgages, encumbrances, pledges, charges and security interests of any kind.

"Make Whole Premium" means the positive difference, if any, between (i) the Discounted Value immediately prior to the purchase of the Items of Equipment being purchased (including purchases attributable to payment of Casualty Value following an Event of Loss or to an exercise of remedies following an Event of Default) and (ii) the Casualty Loss Value for such Items as of the immediately preceding Rent Payment Date; "Discounted Value" means the amount determined by discounting the Remaining Scheduled Payment Amounts from their respective due dates to the date of the purchase, at a discount factor equal to the Reinvestment Yield; "Remaining Scheduled Payment Amount" for the Item(s) involved means the amount of each scheduled payment of Basic Rent for such Item(s) that would be due on or after the date of purchase if no payment of Basic Rent were made prior to its scheduled due date and the payment of the Estimated Residual Value that Lessee would have made for such Item(s) assuming that Lessee exercised its purchase option under Section 28(b)(I) and paid the purchase price on the Termination Date of the Basic Term; "Reinvestment Yield" means the rate shown under the column heading "Ask YLD" for "Govt. Bonds & Notes" in the "Treasury Bonds, Notes & Bills" section of *The Wall Street Journal*, Eastern Edition, published on the Business Day prior to the date of any proposed purchase for the government bond or note with a maturity date having the closest matching maturity to the Weighted Average Life to Maturity, or, if there is more than one government bond or note with a maturity date having the closest matching maturity to the Weighted Average Life to Maturity, the highest of the rates shown in the "Ask YLD" column for any such bond or note, plus 20 basis points; and "Weighted Average Life to Maturity" means the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) the sum of the products obtained by multiplying each remaining scheduled payment of Fixed Rent and the payment

of Estimated Residual Value by the number of years (calculated to the nearest one-twelfth) which will elapse between the date of the purchase and the scheduled due date of such remaining scheduled Fixed Rent payment or the date of the payment of the Estimated Residual Value (assuming that Lessee had exercised its purchase option under Section 28(b)(I) and paid the purchase price on the Termination Date of the Basic Term), by (ii) the Casualty Loss Value for the applicable Items of Equipment as of the immediately preceding Rent Payment Date. If Lessee has not elected the Variable to Fixed-Rate Conversion Option under Section 7(b), the Make Whole Premium shall be zero.

“Manufacturer” means, with respect to each Item of Equipment, the manufacturer or supplier thereof specified in the Lease Supplement.

“Maximum Lessee Risk Amount” for an Item means the percentage of the Acquisition Cost for that Item set forth in Exhibit A.

“Maximum Lessor Risk Amount” for an Item means the percentage of the Acquisition Cost for that Item set forth in Exhibit A.

“Multiemployer Plan” has the meaning assigned to the term “multiemployer plan” in Section 3(37) of ERISA.

“Net Proceeds of Sale” is defined in Section 29(a).

“1935 Act” means the Public Utility Holding Company Act of 1935, as amended from time to time.

“Permitted Liens” shall mean:

(a) any rights in favor of Lessor under the transaction documents delivered in connection herewith and any rights of any persons entitled to use of the Equipment in accordance with this Lease;

(b) any Lien on Lessee’s leasehold interest in the Equipment contained in mortgages granted by Lessee which cover after-acquired property of Lessee and which otherwise subject all or substantially all of Lessee’s assets to such mortgage and provided that any such Lien is subordinate to the rights of Lessor hereunder;

(c) any Lien (including Liens of landlords, carriers, warehousemen, mechanics or materialmen) in favor of any person securing payment of the price of goods or services provided in the ordinary course of business for amounts the payment of which is not overdue or is being contested in good faith by appropriate proceedings diligently prosecuted, so long as such proceedings do not involve any

material risk of sale, forfeiture or loss of all or any material part of the Equipment and do not materially adversely affect any Lien created in favor of Lessor under this Lease;

(d) any Lien arising out of any act of, or any failure to act by, or any claim (including any claim for taxes) against, Lessor or any of its Affiliates which is unrelated to the transactions contemplated by this Lease or any Lien arising out of any breach by Lessor or any of its Affiliates of their obligations under this Lease or any other documents delivered in connection herewith;

(e) any Lien for taxes, assessments or other governmental charges which are not delinquent or the validity of which is being contested in good faith by appropriate proceedings diligently prosecuted so long as such proceedings do not involve any material risk of sale, forfeiture or loss of all or any material part of the Equipment and do not materially adversely affect any Lien in favor of Lessor under this Lease; and

(f) attachments, judgments and other similar Liens arising in connection with court proceedings, provided that within sixty (60) days after the attachment thereof (or five (5) days prior to any execution or sale pursuant thereto), the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being contested in good faith and by appropriate proceedings.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof.

"Plan" means (a) with respect to Lessee, any plan described in Section 4021(a) of ERISA and not excluded pursuant to Section 4021(b) thereof, under which Lessee or any ERISA Affiliate of Lessee has any liability, and (b) with respect to any other Person, any employee benefit plan or other plan established or maintained by such Person for the benefit of such Person's employees and to which Title IV of ERISA applies.

"Remarketing Period" has the meaning given to such term in Section 28(c) hereof.

"Renewal Term" means that five or ten year period (at Lessee's option) following the end of the Basic Term with respect to which Lessee has the option to renew this Lease pursuant to Section 28(a) hereof.

"Rent Payment Date" means (i) initially, July 31, 2004, and thereafter, the last day of each Rental Period.

"Rental Period" means the one-month period beginning on the Closing Date and ending July 31, 2004, and each subsequent one-month period commencing on the last day of the preceding period (or for the last Rental Period, if such period does not constitute one month, the period beginning on the last day of the preceding Rental Period and concluding on the last day of the Term).

"Responsible Officer" means, with respect to the subject matter of any covenant, agreement or obligation of any Person contained herein in the related transaction documents, the President, any Vice President, the Chief Financial Officer or the Treasurer who, in the normal performance of such person's operational responsibility, would have knowledge of such matter and the requirements with respect thereto.

"SEC" means the United States Securities and Exchange Commission or any successor agency or regulatory authority.

"Supplemental Payments" means all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including payments of Casualty Loss Value and any indemnities that may become payable by Lessee hereunder, but excluding Basic Rent.

"Surface Transportation Board" means the Surface Transportation Board of the Department of Transportation of the United States of America, and any successor agency thereto.

"Tax Indemnatee" is defined in Section 18 hereof.

"Term" means the full term of the Lease, including the Basic Term and the Renewal Term (if any).

"Termination Date" means the last day of the Basic Term, or if the Term has been renewed pursuant to Section 28(a), the last day of the Renewal Term.

"Transaction Expenses" means all costs and expenses incurred in connection with the preparation, execution and delivery of this Lease and the other documents delivered in connection herewith and the transactions contemplated thereby including:

(a) the reasonable fees, out-of-pocket expenses and disbursements of counsel for each of Lessor and Lessee in negotiating the terms of the transaction documents, including this Lease, the Lease

Supplement, and any documents, agreements and instruments necessary to consummate the transactions contemplated thereby, preparing for the closing under, and rendering opinions in connection with, such transactions and in rendering other services customary for counsel representing parties to transactions contemplated by such transaction documents (Clifford Chance's fees, expenses, and disbursements in this clause (a) not to exceed \$20,000 and Lessor's additional fees, expenses, and disbursements under this clause (a) not to exceed \$5,000);

(b) the reasonable fees, out-of-pocket expenses and disbursements of any law firm or other external counsel of Lessor in connection with (1) any amendment, supplement, waiver or consent with respect to this Lease or any other documents delivered in connection herewith and (2) any enforcement of any rights or remedies against Lessee in respect of such transaction documents; and

(c) any and all taxes and fees incurred in recording, registering or filing this Lease, the Lease Supplement, or any other document delivered in connection herewith, deed, declaration, mortgage, security agreement, notice or financing statement with any public office, registry or governmental agency in connection with the transactions contemplated by the transaction documents.

"Variable Rate Percentage" for any day in a Rental Period means a per annum rate equal to LIBOR for the applicable Interest Period during which such day falls, plus the Applicable Margin.

"Variable Rent" means, with respect to any Rent Payment Date, as to an Item of Equipment, the amount obtained by multiplying (a) the Casualty Loss Value for such Item of Equipment (as set forth in the Lease Supplement) with respect to the immediately preceding Rent Payment Date by (b) the Variable Rate Percentage for the Rent Period ending on such Rent Payment Date by (c) the number of days in such Rental Period by (d) 1/360.

"Variable to Fixed-Rate Conversion Option" is defined in Section 7(d) hereof.

(b) Construction. The words "this Lease", "herein", "hereunder", "hereof" or other like words mean this Equipment Leasing Agreement (including each schedule, exhibit, and other attachment), as from time to time supplemented and amended.

2. Agreement for Purchase and Lease of Equipment.

(a) Purchase. Subject to the terms and conditions of this Lease, on the Closing Date, Lessor shall purchase the Equipment for the aggregate Acquisition Cost. Lessee has the option of directly paying the Transaction Expenses, in which case the Transaction Expenses will not be included in the Acquisition Cost hereunder. Lessor will pay the Acquisition Cost to the seller of the Equipment and, in the event Lessee does not elect to pay the Transaction Expenses directly, the other Persons to be paid that portion of Acquisition Cost constituting Transaction Expenses (to the extent invoiced) on the Closing Date by wire transfer of immediately available funds to such account in the United States as designated in writing to Lessor at least two Business Days prior to the Closing Date.

(b) Lease. Subject to, and upon all of the terms and conditions of this Lease, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor each Item of Equipment for the Term. Provided that no Event of Default has occurred and is continuing hereunder, neither Lessor nor anyone claiming through or under Lessor, shall interfere with Lessee's quiet enjoyment and use of any Item of Equipment by Lessee (or any permitted transferee from Lessee) during the Term.

3. Conditions Precedent. Lessor shall have no obligation to purchase any Item of Equipment nor to lease the same to Lessee unless each of the following conditions are fulfilled to the satisfaction of Lessor:

(a) this Lease shall have been executed and delivered by the parties hereto, no Default or Event of Default shall have occurred and be continuing, and Lessee's representations and warranties set forth herein shall be true and correct;

(b) no material adverse change in the financial condition of Lessee which, in Lessor's reasonable opinion, would impair the ability of Lessee to pay and perform its obligations under this Lease has occurred, except as expressly contemplated and disclosed under the Disclosure Documents, since the date of the Disclosure Documents;

(c) such Item of Equipment shall be free from material damage or defects, be acceptable to Lessor, and be free of all Liens, other than any Permitted Lien, and no Event of Loss shall have occurred with respect to such Item;

(d) Lessor shall have received an invoice or a bill of sale for such Item of Equipment from the seller thereof, approved for payment by Lessee, showing Lessor as the purchaser of such Item;

(e) Lessor shall have received the Lease Supplement, duly executed by Lessee, and dated the Closing Date;

(f) this Lease, and the Lease Supplement, shall have been duly filed with the Surface Transportation Board;

(g) all material licenses, registrations, permits, consents and approvals required by federal, state or local laws or by any Governmental Authority in connection with Lessor's ownership of, and the delivery, acquisition, use and operation of, each Item of Equipment shall have been obtained to the satisfaction of Lessor;

(h) Lessor shall have received a written opinion of Troutman Sanders LLP, counsel to Lessee, dated the Closing Date and in form and substance satisfactory to Lessor;

(i) Lessor shall have received a copy of resolutions of Lessee's board of directors (or its Finance Committee) authorizing the execution, delivery and performance by Lessee of this Lease and each of the documents, instruments and agreements required or contemplated hereby or thereby to which it is or will be a party, accompanied by a Secretary's Certificate (A) stating that each such resolution is in full force and effect and has not been amended since the date of its adoption and (B) certifying as to the incumbency and specimen signatures of the officers of Lessee who are authorized to execute and deliver on behalf of Lessee this Lease, the Lease Supplement, and the documents, instruments and agreements contemplated hereby;

(j) Lessor shall have received a fully executed Funding Notice;

(k) Lessor shall have received certificates of insurance, loss payable endorsements and other evidence that Lessee has complied with the provisions of Section 17;

(l) Lessor shall have received evidence satisfactory to it that appropriate instruments have been filed in all jurisdictions necessary to perfect the security interest in the Equipment and other collateral created by this Lease (including the security interest granted under Section 9), subject to no recorded Liens other than Permitted Liens; and

(m) Lessor shall have received such other documents, opinions, certificates and waivers, in form and substance satisfactory to Lessor, as Lessor may require.

4. Delivery, Acceptance and Leasing of Equipment; Funding.

(a) Delivery, Acceptance and Leasing. Lessor shall not be liable to Lessee for any failure or delay in obtaining any Item of Equipment or making delivery thereof. Forthwith upon delivery of each Item of Equipment to Lessee under this Lease, Lessee shall execute and deliver to Lessor the Lease Supplement, dated the Closing Date. **The execution by Lessor and Lessee of the Lease Supplement shall (a) evidence that each Item is leased under, and is subject to all of the terms, provisions and conditions of, this Lease, and (b) constitute Lessee's unconditional and irrevocable acceptance of each Item for all purposes of this Lease.**

(b) Funding. The Funding shall be made on notice from Lessee to Lessor received by Lessor not later than three Business Days prior to the proposed Closing Date; provided, however, that the Funding shall be for an aggregate Acquisition Cost equal to the Commitment Amount or such lesser amount which shall be acceptable to Lessee and Lessor. The notice of Funding shall be in the form of Exhibit B (the "Funding Notice"), and shall specify the date of the proposed Funding, the aggregate Acquisition Cost for the Equipment (including approved Transaction Expenses) to be funded on such date.

(c) Characterization. As further described herein, Lessee and Lessor hereby agree to treat the arrangement created pursuant to this Lease as a financing or conditional sale for federal income tax purposes (under the United States Internal Revenue Code, as amended). Neither Lessor nor Lessee makes any representation or warranty, and both hereby disclaim any representation or warranty, as to the availability of any deduction to Lessor or Lessee or any other Person or as to the tax or accounting treatment to be accorded to the transactions contemplated hereby.

5. Term. The Basic Term shall commence on the Basic Term Commencement Date and, unless this Lease is sooner terminated pursuant to the provisions hereof, shall end on the last day of the Basic Term, or if this Lease is renewed pursuant to Section 28(a) hereof, on the last day of the Renewal Term thereof.

6. Return of Equipment. Upon the expiration or earlier termination of the Term (unless Lessee has exercised its purchase option pursuant to Section 28(b) hereof or a third party sale thereof has been consummated on the Termination Date pursuant to Section 28(c) hereof), Lessee will, at its expense, surrender and deliver possession of each Item of Equipment to Lessor or Lessor's agent at such location along the rail route then used by Lessee in the ordinary usage of the Equipment as shall be designated by Lessor in writing and be reasonably acceptable to Lessee, or in the absence of such designation, at the then location of each such Item. At the time of such return to Lessor, each Item of Equipment (and each part or component thereof) shall:

(a) be in as good condition, state of repair, and appearance as when delivered to Lessee hereunder, ordinary wear and tear excepted, and shall not be in immediate need of any further repair or reconditioning,

(b) comply with all laws and rules referred to in Sections 10 and 11 hereof,

(c) conform to and comply with all applicable Department of Transportation, Federal Railroad Administration (or any successor agency) safety rules and regulations,

(d) be suitable for interchange under the rules of the Association of American Railroads and Federal Railroad Administration (or any successor agency) rules and regulations, to the extent the Equipment was originally so designed and approved,

(e) (i) have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 12 hereof, (ii) have had removed therefrom in a workmanlike manner if so requested by Lessor or any Assignee, at Lessee's expense, any addition, modification or improvement which, as provided in Section 12 hereof, is owned by Lessee, and (iii) have had removed therefrom, or painted over, in either case in a workmanlike manner, any insignia or marking permitted pursuant to Section 13 hereof,

(f) be suitable for hauling coal,

(g) be free from all material accumulations or deposits from commodities transported in or on it while in the service of Lessee and be free of corrosion, ordinary wear and tear excepted,

(h) not have any missing or damaged parts or any structural or mechanical damage on any surface or device, ordinary wear and tear excepted, and

(i) be free and clear of all Liens, other than a Lien described in clause (d) of the definition of Permitted Liens.

Lessee shall pay for any repairs necessary to restore any Item of Equipment to the condition required by the preceding sentence.

For the purpose of delivering possession of any Items of Equipment as above required, Lessee shall at its own cost, expense and risk:

(I) forthwith and in the usual manner (including, to the extent legally required by Applicable Law to protect Lessor's or any Assignee's interest in the Items of Equipment) give prompt electronic and written notice to all railroads or other Persons to which any Items of Equipment have been interchanged or which may have possession thereof to return the Items of Equipment and place such Items of Equipment upon such storage tracks along such rail routes then used by Lessee in the ordinary usage of the Equipment as Lessor reasonably may designate;

(II) cause such Items of Equipment to be stored on such tracks at the risk of Lessee without charge to Lessor or any Assignee for insurance, rent or storage until all such Items of Equipment have been sold, leased or otherwise disposed of by Lessor but not to exceed ninety days after the Termination Date; and

(III) deliver to Lessor, if requested, all manuals and inspection, modification, overhaul and maintenance records applicable to such Items of Equipment (which records may exclude the cost of repairs, maintenance, modifications and overhauls) and permit Lessor or its representatives access to such Items of Equipment during normal business hours during such storage period for the purposes of inspecting said Items and verifying that the return conditions set forth in this Section 6 have been complied with.

During the storage period (the "storage period", as such term is used in this Section 6, being the period of time commencing on the Termination Date and ending upon the earlier of (i) the sale, lease or other disposition of the Items of Equipment pursuant to the terms hereof or (ii) the ninetieth day following such Termination Date), Lessee will maintain and keep the Items of Equipment in the manner set forth in Section 11 hereof and permit Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or other user of any Items

of Equipment, to inspect the same during normal business hours at such inspector's own risk, cost and expense.

If one or more of the foregoing provisions in clauses 6(a) through 6(i) shall not be fulfilled as of the Termination Date, then Lessor shall declare by written notice to Lessee its remarketing rights to be null and void (whether or not theretofore exercised by Lessee), in which event Lessee shall be obligated to purchase all Items of Equipment pursuant to Section 28(b) hereof on the Termination Date therefor.

7. Basic Rent and Other Payments.

(a) Basic Rent. Lessee hereby agrees to pay to Lessor Basic Rent, in arrears, for the Equipment, on each Rent Payment Date during the Basic Term, equal to the sum of (i) the Fixed Rent payable on such Rent Payment Date, plus (ii) the Variable Rent payable for the Rental Period ending on such Rent Payment Date.

(b) Supplemental Payments. Lessee also agrees to pay to Lessor, or to whomsoever shall be entitled thereto as expressly provided herein, all Supplemental Payments, promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee so to pay any such Supplemental Payment hereunder Lessor shall (except as otherwise specified herein) have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Rent.

(c) Method of Payment. All payments of Basic Rent and Supplemental Payments required to be made by Lessee to Lessor shall be made by wire transfer of immediately available funds no later than 12:00 p.m., New York City time, to the account in the United States designated by Lessor. If the date that any payment of Basic Rent is due is other than a Business Day the payment of Basic Rent otherwise payable on such date shall be payable on the preceding Business Day. In the event of any assignment to an Assignee pursuant to Section 14(b) hereof, all payments which are assigned to such Assignee, whether Basic Rent, Supplemental Payments or otherwise, shall be paid by wire transfer of immediately available funds to an account designated by Lessor as shall be designated by the Person entitled to receipt thereof.

(d) Variable to Fixed-Rate Conversion Option. At any time throughout the Lease Term, Lessee may elect to convert the Variable Rent paid hereunder to a fixed rate ("Fixed Rate"), effective as of the commencement of any Rental Period or the initial day of any Interest Period therein ("Variable to Fixed-Rate Conversion Option"). To make such an election, Lessee shall give Lessor written notice of such election not less than five Business Days prior to the commencement of the Rental Period or the initial day of any Interest Period

therein, as the case may be, for which Lessee wishes to make such election effective, specifying that it wishes to pay Fixed-Rate Rent beginning on the next Rental Period or the initial day of the next Interest Period therein following such notice. Not later than the 11:00 a.m. New York City time on the next Business Day after receiving Lessee's notice, Lessor shall quote to Lessee the Fixed Rate that Lessor, in its sole discretion, would make available to Lessee for the remainder of the Basic Term. Unless Lessee notifies Lessor by 12:00 noon New York City time on the following Business Day that it is withdrawing its election to exercise the Variable to Fixed-Rate Conversion Option, Lessee shall be deemed to have irrevocably elected to pay Fixed-Rate Rent at the Fixed Rate quoted by Lessor for the remainder of the Basic Term. In the event that Lessee elects to so convert the Variable Rent to a Fixed-Rate Rent, Lessee must pay to Lessor Basic Rent semi-annually, in arrears, during the Basic Term on each Rent Payment Date during the Basic Term in the sum of (i) the Fixed Rent payable with respect to such Rent Payment Date plus (ii) the Fixed-Rate Rent payable with respect to the Rental Period ending on such Rent Payment Date.

8. Net Lease. This Lease is a net lease. Lessee acknowledges and agrees that Lessee's obligations to pay Basic Rent for all Equipment leased hereunder, and to pay all Supplemental Payments payable hereunder, shall be unconditional and irrevocable under any and all circumstances, shall not be subject to cancellation, termination, modification or repudiation by Lessee, and shall be paid and performed by Lessee without notice or demand and without any abatement, reduction, diminution, setoff, or recoupment whatsoever, including any abatement, reduction, diminution, setoff, or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, any Assignee, any Manufacturer, or any other Person for any reason whatsoever, or any defect in the Equipment or any Item thereof, or the condition, design, operation or fitness for use thereof, any damage to, or any loss or destruction of, the Equipment or any Item thereof, or any Liens or rights of others with respect to the Equipment or any Item thereof, or any prohibition or interruption of or other restriction against Lessee's use, operation or possession of the Equipment or any Item thereof, for any reason whatsoever, or any interference with such use, operation or possession by any Person or entity, or any default by Lessor in the performance of any of its obligations herein contained, or any other indebtedness or liability, howsoever and whenever arising, of Lessor, or of any Assignee, or of Lessee to any other Person, or by reason of insolvency, bankruptcy or similar proceedings by or against Lessor, any Assignee or Lessee, or for any other reason whatsoever, whether similar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that all Basic Rent and Supplemental Payments payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the

times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. However, nothing in this Section 8 shall prevent Lessee from separately pursuing any rights it might have against Lessor or any other Person.

9. Retention of Security Interest; Equipment Is Personal Property. This Lease is intended to create a security interest. Lessor's retention of title to the Equipment shall create in Lessor a security interest in all Items of Equipment and all proceeds thereof as collateral security for the payment and performance by Lessee of Lessee's obligations as Lessee hereunder. In addition, Lessee hereby grants to Lessor a security interest in all Lessee's existing and future interests in all Items of Equipment and all proceeds thereof, as collateral security for the payment and performance by Lessee of Lessee's obligations as Lessee hereunder. It is the intention and understanding of both Lessor and Lessee, and Lessee shall take all such actions as may be required to assure, that the Equipment shall be and at all times remain personal property.

10. Use of Equipment; Compliance with Laws. Lessee agrees that the Equipment will be used and operated solely in the conduct of its business or as otherwise provided by Section 14(a) hereof and in compliance with any and all applicable insurance policy terms, conditions, and provisions for the insurance required by Section 17 hereof and with all statutes, laws, ordinances, rules and regulations of any Governmental Authority applicable to the use and operation of the Equipment, including the Association of American Railroads Interchange Rules, the rules and regulations of the Federal Railroad Administration, the United States Department of Transportation and the Surface Transportation Board, and environmental, noise and pollution laws (including notifications and reports); provided, however, that Lessee shall not be obligated to so comply with laws, rules or regulations (i) (A) whose application or validity is being contested diligently and in good faith by appropriate proceedings, so long as such proceedings do not involve any material risk of sale, forfeiture, or loss of all or any material part of the Equipment and do not materially adversely affect any Lien created in favor of Lessor under this Lease, (B) if failure to comply shall impose no risk of civil or criminal liability on Lessor, and (C) if failure of compliance would impose no additional liability on Lessor or material adverse consequences to Lessor's rights under this Lease or its interest in the Equipment, or (ii) compliance with which shall have been excused or exempted by a nonconforming use permit, waiver, extension or forbearance exempting it from such laws, rules or regulations. Subject to the foregoing provisions, Lessee shall procure and maintain in effect all licenses, registrations, certificates, permits, approvals and consents required by federal, state or local laws or by any Governmental Authority in connection with the ownership (excluding any required by banking or similar laws), delivery, installation, use and operation of each Item of Equipment, including those required by

environmental, noise and pollution laws (including notifications and reports). The Equipment shall in no event be used or located outside of the continental limits of the United States unless all filings, recordings, deposits, or giving of notice necessary to protect the rights of Lessor in or to this Lease and the Equipment shall have been made. Lessee shall not use any Item of Equipment, or permit any Item of Equipment to be used, for the transportation or storage of any substance which is any substance which is specifically listed or designated as "oil" under Section 1001 of the Oil Pollution Act of 1990 and which is subject to the provisions of that Act or which is categorized as, or required to be labeled as, "poison" or "poisonous", "explosive" or "radioactive" (or any categories or labels substituted for such categories or labels as in effect on the date hereof) under 49 CFR 171 or other applicable federal rules in effect from time to time regulating the transportation of hazardous or toxic materials, including nuclear fuels, radioactive products, asbestos, PCB's or nuclear wastes, nor will Lessee permit the Equipment to engage in any unlawful trade or violate any law or carry any unlawful cargo that will expose the Equipment to penalty, forfeiture or capture.

11. Maintenance and Repair of Equipment. Lessee agrees, at its own cost and expense, to keep, repair, maintain and preserve the Equipment in good order and operating condition, and (i) in compliance with (A) such maintenance and repair standards, ordinary wear and tear excepted, as set forth in the applicable Association of American Railroads and Federal Railroad Administration rules and regulations and as otherwise may be required to enforce warranty claims against each vendor and Manufacturer of each Item of Equipment, (B) (except as otherwise permitted by Section 10 hereof) Applicable Law relating to the maintenance and condition of the Equipment, including environmental, noise and pollution laws and regulations (including notifications and reports), and (ii) suitable for interchange under the rules of the Association of American Railroads, to the extent the Equipment was originally so designed and approved and with all lawful rules of the United States Department of Transportation, the Surface Transportation Board and any other Governmental Authority exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation, maintenance or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Equipment, Lessee will conform therewith at its own expense. Lessee agrees to prepare and deliver to Lessor and any Assignee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Lessor and any Assignee) any and all reports (other than income tax returns) to be filed by Lessor or any Assignee with any federal, state or other regulatory authority by reason of the ownership by Lessor or any Assignee of the Items of Equipment or the leasing thereof to Lessee. Lessee agrees to maintain all records, logs and other materials required by the Association of American Railroads or the Department of Transportation, or any other Governmental

Authority having jurisdiction over the Items of Equipment or Lessee, to be maintained in respect of each Item of Equipment. Lessee shall, at its own cost and expense, supply the necessary power and other items required in the operation of the Equipment. Lessee hereby waives any right now or hereafter conferred by law to make repairs on the Equipment at the expense of Lessor.

12. Replacements; Alterations; Modifications. In case any Item of Equipment (or any equipment, part or appliance therein) is required to be altered, added to, replaced or modified in order to comply with Applicable Law or the rules and regulations of the Association of American Railroads ("Required Alteration") pursuant to Section 10 or 11 hereof, Lessee agrees to make such Required Alteration at its own expense and the same shall immediately be and become the property of Lessor and subject to the terms of this Lease. Lessee or any permitted sublessee may make any optional alteration to any Item of Equipment ("Optional Alteration") provided such Optional Alteration does not impair the value, use or remaining useful life of such Item of Equipment. In the event such Optional Alteration is readily removable without causing material damage to the Item of Equipment, and is not a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached to such Item of Equipment on the Closing Date or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, any such Optional Alteration shall be and remain the property of (and may be removed by) Lessee or any permitted sublessee. To the extent such Optional Alteration is not readily removable without causing material damage to the Item of Equipment to which such Optional Alteration has been made, or is a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached to such Item of Equipment on the Closing Date or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, the same shall immediately be and become the property of Lessor and subject to the terms of this Lease. Lessee agrees that, within thirty days after Lessor so requests (but not more frequently than once per year), Lessee will give written notice to Lessor describing, in reasonable detail, the Required Alterations and specifying the cost thereof with respect to each Item of Equipment and the date or dates when made. Any parts installed or replacements made by Lessee upon any Item of Equipment pursuant to its obligation to maintain and keep the Equipment in good order, operating condition and repair under Section 11 hereof shall be considered accessions to such Item of Equipment and title thereto or security interest therein shall be immediately vested in Lessor. Except as required or permitted by the provisions of this Section 12, Lessee shall not modify an Item of Equipment without the prior written authority and approval of Lessor.

13. Identification Marks; Inspection. Lessee will cause each Item to be kept numbered with the identification number as shall be set forth in the Lease Supplement, and Lessee will keep and maintain, plainly, distinctly, durably, and conspicuously marked on each side of each Item, in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed with the Surface Transportation Board", with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to and interests in such Item and the rights of Lessor and of any Assignee. Lessee will replace promptly any such words which may be removed, defaced, obliterated or destroyed. Lessee will not change the identification number of any Item unless and until (i) a statement of new number or numbers to be substituted therefor shall have been executed by Lessor and any Assignee and filed, recorded and deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) Lessee shall have furnished Lessor and any Assignee an opinion of counsel in form and substance reasonably satisfactory to Lessor and any Assignee to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lessor's and any Assignee's interests in such Items and that no other filing, recording, deposit or giving of notice with or to any other federal, state or local government or agency thereof is necessary to protect the interests of Lessor and any Assignee in such Item. The Items of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee or any permitted sublessee. Lessee shall not allow the name of any Person, to be placed upon any Item of Equipment as a designation that might reasonably be interpreted as indicating a claim of ownership thereto or a security interest therein by any Person other than Lessor or any Assignee. Lessor shall have the right (at its risk and expense, or at Lessee's expense if an Event of Default exists) to inspect the Equipment and Lessee's records pertaining to the Equipment at such reasonable times as it shall request during the Term.

14. Assignment and Subleasing.

(a) By Lessee. Lessee may assign its rights and obligation under the Lease during the Lease Term, for use of the Equipment within the continental United States, without Lessor's approval, so long as the leased equipment is assigned to a subsidiary of the Southern Company with a credit rating equal to or higher than Moody's A1 or an equivalent credit rating. All other assignments are subject to Lessor's approval. Lessee may, without any consent of Lessor, sublease any Item of Equipment to a wholly owned subsidiary of the Southern Company or, with the prior consent of Lessor, sublease any Item of Equipment to any other Person, provided, however, that the following conditions shall apply thereto: (i) any sublease shall be effectively subject to and subordinate to the terms and conditions of this Lease; (ii) LESSEE'S OBLIGATIONS UNDER THIS LEASE SHALL CONTINUE IN THEIR ENTIRETY IN FULL FORCE AND

EFFECT AS THE OBLIGATIONS OF A PRINCIPAL AND NOT OF A SURETY; (iii) any sublease of any Item which extends beyond the Basic Term of this Lease shall operate as an election of Lessee's purchase option with respect to all Items pursuant to Section 28(b) hereof; (iv) no sublease shall permit the Item of Equipment to be used or located in any manner or place not permitted for Lessee under this Lease; and (v) Lessee shall provide Lessor prompt written notice, not to exceed five Business Days, of any such sublease of any Item of Equipment, which notice shall describe the parties, term and applicable Items of Equipment subject to any such agreement or arrangement. LESSEE WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, ASSIGN, TRANSFER OR ENCUMBER (EXCEPT AS OTHERWISE PERMITTED HEREBY) ITS RIGHTS, INTERESTS OR OBLIGATIONS UNDER THIS LEASE AND ANY SUCH ASSIGNMENT, TRANSFER OR ENCUMBERING (EXCEPT AS OTHERWISE PERMITTED HEREBY) BY LESSEE SHALL BE NULL AND VOID. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing hereunder, Lessee and its Affiliates shall be entitled to the possession and use of the Items of Equipment upon lines of railroad owned or operated by it or upon lines of railroad over which Lessee or its Affiliates has or have trackage or other operating rights or over which railroad equipment of Lessee or its Affiliates is operated pursuant to contract and shall be entitled to permit the use of the Items of Equipment by connecting and other carriers in the usual interchange of traffic or pursuant to run-through or trip-lease agreements, provided, however, that LESSEE'S OBLIGATIONS UNDER THIS LEASE SHALL CONTINUE IN THEIR ENTIRETY IN FULL FORCE AND EFFECT AS THE OBLIGATIONS OF A PRINCIPAL AND NOT OF A SURETY. Lessee may receive and retain compensation for the use of any of the Items of Equipment from railroads or other entities so using such Items of Equipment.

(b) By Lessor. Lessor may, at any time, without notice to, or the consent of, Lessee, sell, assign, transfer or grant a security interest in all or any part of Lessor's rights, obligations, title or interest in, to and under the Equipment or any Item(s) thereof, this Lease, the Lease Supplement, and/or any Basic Rent and Supplemental Payments payable under this Lease or the Lease Supplement to (a) any bank, savings institution, or trust company having a combined capital and surplus immediately prior to and immediately after, such sale assignment, transfer or grant of at least \$35,000,000, (b) any corporation having a tangible net worth immediately prior to and immediately after, such sale assignment, transfer or grant of at least \$35,000,000, (c) any transferee listed in clause (a) or (b) which itself does not meet the financial test of clause (a) or (b) but which has an affiliate which does meet such financial test at the time of such transfer and which affiliate shall have executed and delivered to Lessee a written guarantee reasonably satisfactory to Lessee pursuant to which such affiliate shall have absolutely and unconditionally guaranteed the obligations of such transferee; provided in each case that (aa) the transferee

shall not itself be affiliated with a utility or any direct or indirect competitor of Lessee, (bb) in the event of any such sale, assignment, or transfer of an interest as Lessor, the buyer, assignee, or transferee shall agree to be bound by and assume all the terms of and will undertake all of the obligations of its predecessor under the Lease, to the extent of the sale, assignment, or transfer, in such manner as is reasonably satisfactory to Lessee, (cc) no such assignment, conveyance, or transfer shall violate any provision of law or regulation or create a relationship which would be in violation thereof, and (dd) no such sale, assignment, or transfer shall result in more than three Persons holding an interest as Lessor under this Lease. Any entity to whom any such sale, assignment, transfer or grant of security interest is made is herein called an "Assignee" and any such sale, assignment, transfer or grant of security interest is herein called an "assignment". An Assignee may re-assign and/or grant a security interest in any of such rights, obligations, title or interest assigned to such Assignee. Lessee agrees to execute related acknowledgments and other documents that may be reasonably requested by Lessor or an Assignee, all at Lessor's expense. Each Assignee shall have and may enforce all of the rights and benefits of Lessor hereunder with respect to the Item(s) of Equipment and the Lease Supplement to the extent covered by the assignment, including the provisions of Section 8 hereof and Lessee's representations and warranties under Section 21 hereof. Each such assignment shall be subject to Lessee's rights hereunder. Notwithstanding anything to the contrary in this Lease, Lessee shall be under no obligation to any Assignee except upon written notice of such assignment from Lessor or, in the case of a reassignment, from the Assignee. Upon written notice to Lessee of an assignment, Lessee agrees to pay the Basic Rent and Supplemental Payments with respect to the Item(s) of Equipment covered by such assignment to such Assignee to a United States bank account in accordance with the instructions specified in such notice without any abatement, setoff, or recoupment whatsoever, and to otherwise comply with all notices, directions and demands which shall be properly given by Lessor or such Assignee with respect to such Item(s), in accordance with the provisions of this Lease. Notwithstanding any such assignment, all obligations of Lessor to Lessee under this Lease shall be and remain enforceable by Lessee against Lessor and any Assignee to whom an assignment has been made.

15. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to (i) the Equipment or any Item thereof, Lessor's title thereto or any interest therein, or (ii) this Lease or any of Lessor's interests hereunder, except in the case of either clause (i) or (ii), Permitted Liens. Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep this Lease and the Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor and each Assignee, any such Lien not excepted above if the same shall arise at any time. Lessee will notify Lessor and each Assignee in writing promptly upon becoming aware of any tax or other Lien

(other than any Permitted Lien excepted above) that shall attach to the Equipment or any Item of Equipment, in reasonable detail.

16. Loss, Damage or Destruction.

(a) Risk of Loss, Damage or Destruction. Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation, requisition or commandeering, partial or complete, of or to each Item of Equipment, however caused or occasioned, such risk to be borne by Lessee with respect to each Item of Equipment from the date of this Lease, and continuing until such Item of Equipment has been returned to Lessor in accordance with the provisions of Section 6 hereof or has been purchased by Lessee in accordance with the provisions of Section 28 hereof provided, however, that Lessee makes no such assumption in the event that such loss, damage, theft, taking, destruction, confiscation, requisition or commandeering of such Item of Equipment is caused by Lessor's (or Lessor's Affiliates or Assignees) gross negligence or willful misconduct. Lessee agrees that no occurrence specified in the preceding sentence shall impair, in whole or in part, any obligation of Lessee under this Lease, including the obligation to pay Basic Rent, until such obligation is terminated in accordance with the terms of this Lease.

(b) Payment of Casualty Loss Value Upon an Event of Loss. If an Event of Loss occurs with respect to an Item of Equipment during the Term thereof, Lessee shall, within 10 days after a Responsible Officer of Lessee learns of that Event of Loss, give Lessor written notice thereof and shall pay to Lessor on the Rent Payment Date next following the date of such notice (or on the last day of the Term, if there is no succeeding Rent Payment Date) the sum of (i) all unpaid Basic Rent payable for such Item of Equipment for any Rental Period in which the Event of Loss has occurred, plus (ii) the Casualty Loss Value of such Item of Equipment determined as of the date of payment for such Event of Loss, plus (iii) any applicable Make Whole Premium plus (iv) all other Supplemental Payments due for such Item of Equipment as of the date of payment of the amounts specified in the foregoing clauses (i) and (ii). Any payments received at any time by Lessor or by Lessee from any insurer or other party as a result of the occurrence of such Event of Loss will be applied in reduction of Lessee's obligation to pay the foregoing amounts, if not already paid by Lessee, or, if already paid by Lessee, will be applied to reimburse Lessee for its payment of such amount (unless an Event of Default exists, in which case Lessor may first apply any such payments in reduction of Lessee's obligation to pay any other amounts due from Lessee). Upon payment in full of such Casualty Loss Value, Make Whole Premium, Supplemental Payments, and Basic Rent, (A) the obligation of Lessee to pay Basic Rent hereunder with respect to such Item of Equipment shall terminate and the Term of such Item shall terminate, and (B) Lessor shall transfer to Lessee, "as is where is" without recourse or warranty except as to the absence of Liens described in clause (d) of the

definition of Permitted Liens, all right, title and interest conveyed to Lessor in and to such Item of Equipment.

(c) Application of Payments Not Relating to an Event of Loss. Any payments (including insurance proceeds) received at any time by Lessor or Lessee from any party with respect to any loss or damage to any Item or Items of Equipment not constituting an Event of Loss, will be paid to or retained by Lessee (unless an Event of Default exists, in which case Lessor may first apply any such payments in reduction of Lessee's obligation to pay any other amounts due from Lessee), provided, that Lessee shall use any payments paid to or retained by it to repair, restore, or maintain the affected Item or Items of Equipment in accordance with this Lease.

17. Insurance. Lessee will at its sole expense and at all times during the Term or, if applicable, until the pertinent Items of Equipment are returned to Lessor or Lessor's agent pursuant to Section 6 hereof, whichever is longer, cause to be carried and maintained (i) public liability insurance with respect to third party personal injury and property damage in an amount per occurrence of not less than \$25,000,000 and (ii) property insurance in respect of all Items of Equipment. Lessee will carry such insurance as is required hereunder in such amounts and for such risks consistent with prudent industry practice (which industry means major creditworthy U.S. electric utilities and which own or use railcars for the transportation of coal) and at least comparable in amounts and against risks customarily insured against by Lessee in respect of equipment owned or leased by it similar in nature to the Equipment; provided, that Lessee may in any event self-insure or carry deductibles for up to \$5,000,000 per occurrence (or such higher amount as shall be consistent with prudent industry practice at the time (Lessee's current deductible of \$2 million and insurance of amounts from \$2 million to \$10 million through an affiliated captive being deemed acceptable)). The proceeds of any such property insurance as is required hereunder shall be payable to Lessor for the account of all interests. Each policy required hereunder (i) shall provide thirty days' prior notice of cancellation or material change and (ii) shall include Lessor and each Assignee as loss payees and additional insureds as their respective interests may appear, and Lessee shall endeavor to obtain a waiver by such insurance company of any right to claim any premiums or commissions against Lessor and each Assignee. Prior to the first date of delivery of any Item of Equipment and thereafter not less than fifteen days prior to the expiration dates of the expiring policies theretofore delivered, Lessee shall deliver to Lessor and each Assignee certificates of insurance issued by the insurer(s) for the insurance required to be maintained hereunder. Any certificate of insurance issued with respect to a blanket policy covering other equipment not subject to this Lease shall specifically describe the Equipment as being included therein and covered thereby to the full extent of the coverages and amounts required hereunder. If Lessee shall fail to cause the insurance

required under this Section to be carried and maintained, Lessor or any Assignee may, after prior written notice to Lessee, provide such insurance and Lessee shall reimburse Lessor or such Assignee, as the case may be, upon demand for the cost thereof as a Supplemental Payment hereunder.

18. General Tax Indemnity.

(a) Lessee agrees to pay, defend and indemnify and hold Lessor, each Assignee and their respective successors and assigns (each, a "Tax Indemnitee") harmless on an After-Tax Basis from any and all federal, state, local and foreign taxes, including sales and use taxes, fees, withholdings, levies, imposts, duties, ad valorem or property taxes, all license, franchise or registration fees, fines, tariffs, assessments and charges of any kind and nature whatsoever, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") howsoever imposed, whether levied or imposed upon or asserted against Lessor, any Assignee, Lessee, the Equipment, any Item of Equipment, or any part thereof, by any federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (i) the Equipment, or any Item of Equipment or any part thereof, (ii) the manufacture, construction, ordering, purchase, ownership, delivery, leasing, subleasing, re-leasing, possession, use, maintenance, registration, re-registration, titling, re-titling, licensing, documentation, return, repossession, sale or other application or disposition of the Equipment, or any Item of Equipment or any part thereof, (iii) the rentals, receipts or earnings arising from the Equipment or any Item of Equipment or any part thereof, or (iv) this Lease, the Lease Supplement, the Basic Rent and/or Supplemental Payments payable by Lessee hereunder; provided, however, that the foregoing indemnity shall not apply to:

(1) any federal, state, local or foreign tax or other imposition based on or measured by net or gross income or net or gross receipts or in the nature of an income tax or imposed in lieu of a net income tax, including any such franchise tax and any such similar tax based on capital, receipts, net worth or comparable basis of measurement, unless such Taxes are imposed by reason of the use, location or presence of the Equipment in, or the presence or activities of Lessee in, or the making of payments from, the jurisdiction imposing such Taxes or such Taxes are in the nature of sales, use, property, ad valorem, value added or rental taxes;

(2) any tax or other impositions in respect of this Lease of any Item of Equipment that results from any act, event or omission that occurs after the termination of this Lease in respect of such Item of Equipment, provided that Lessee has paid Lessor all amounts owing under this Lease;

(3) any tax or other impositions that are imposed on any Tax Indemnatee as a result of the negligence or willful misconduct of such Tax Indemnatee or its Affiliate;

(4) any tax or other impositions imposed on any Tax Indemnatee that are a result of such Tax Indemnatee not being a resident of, or not being organized under the laws of, the United States or any political subdivision thereof;

(5) any tax or other impositions that have not been paid and that are being contested in accordance with clause (b) below;

(6) any tax or other impositions that result from any transfer by any Tax Indemnatee of any interest in an Item of Equipment or any interest arising under this Lease (other than, in any case, any transfer to Lessee or a sale of an Item of Equipment pursuant to Section 28(c), in connection with the occurrence of an Event of Default, or an Event of Loss or Deemed Event of Loss, or otherwise required by this Lease);

(7) any tax that is enacted or adopted as a substitute for or in lieu of any tax that would not have been indemnified against pursuant to Section 18(a); or

(8) taxes on any items of tax preference or any minimum tax of such Tax Indemnatee.

Notwithstanding the foregoing provisos (1) through (8), Lessee shall indemnify each Tax Indemnatee for any taxes identified in provisos (1), (4), or (6) (or any increase in such taxes) imposed on such Tax Indemnatee net of any decrease in such taxes realized by such Tax Indemnatee, to the extent that such tax or tax increase would not have occurred if on the Closing Date, Lessor had advanced funds to Lessee in the form of a loan secured by the Equipment in an amount equal to the amount funded on the Closing Date, with debt service for such loan equal to the Basic Rent payable on each Rent Payment Date and a principal balance at the maturity of such loan in an amount equal to the amount of the Acquisition Cost then outstanding at the end of the term of this Lease. Lessee will prepare and file any reports or returns required to be made with respect to any tax or other imposition for which Lessee is responsible, directly or indirectly, if permitted by applicable law to file the same, and if not so permitted, Lessee shall prepare such reports or returns for signature by Lessor or, upon request of Lessor, will promptly provide Lessor with all information necessary for the making and timely filing of such reports or returns by Lessor, and shall forward the same, together with immediately

available funds for payment of any tax or other imposition due, to Lessor, at least ten days in advance of the date such payment is to be made. Upon written request, Lessee shall furnish Lessor with copies of all paid receipts or other appropriate evidence of payment for all taxes or other impositions paid by Lessee pursuant to this Section 18. All of the indemnities contained in this Section 18 in respect of (i) any act, event or omission that occurs on or prior to termination of Lease and (ii) any sale described in Section 29(b) hereof shall continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term with respect to any Item (or all) of the Equipment, and are expressly made for the benefit of, and shall be enforceable by, Lessor and each Assignee.

(b) In the event any claim, action, proceeding or suit is brought against any Tax Indemnitee with respect to which Lessee would be required to indemnify such Tax Indemnitee, such Tax Indemnitee shall give Lessee written notice of any such claim, action, proceeding or suit within 30 days after such Tax Indemnitee receives notice of any such claim, action, proceeding or suit, provided further, that the failure of any Tax Indemnitee to give such notice to Lessee shall not relieve Lessee from any of its obligations to provide indemnification to any Tax Indemnitee under this Section 18, except to the extent that a successful contest is adversely affected in any material respect by such Tax Indemnitee's failure to give notice. Lessee may, and upon Lessee's request any such Tax Indemnitee will, at Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by Lessee and reasonably satisfactory to such Tax Indemnitee, and Lessee shall pay all costs and expenses (including attorney's fees and expenses) reasonably incurred by such Tax Indemnitee in connection with such action, suit or proceeding; provided, (i) if such contest shall be conducted in a manner requiring the payment of the claim, Lessee shall pay such claim or shall advance to the Tax Indemnitee on an interest-free basis and with no additional net after-tax cost to the Tax Indemnitee sufficient funds to pay the claim (in which case Lessor will immediately refund any such payment upon Lessee's successful contest of such claim), and (ii) Lessee shall only have contest rights if the Tax Indemnitee shall have determined that the action to be taken will not result in any material danger of sale, forfeiture or loss of, or the creation of any Lien (except if Lessee shall have adequately bonded for such Lien, or otherwise made provision to protect the interests of such Tax Indemnitee in a manner reasonably satisfactory to such Tax Indemnitee); provided, that no Tax Indemnitee shall settle any such actions for which it has assumed the responsibility of defense without consent of Lessee (not unreasonably to be withheld) and provided, further, that Lessee shall be relieved of its obligations to provide indemnification under this Section 18 with respect to any Tax Indemnitee, to the extent that such Tax Indemnitee shall (x) deliver to Lessee a written notice waiving the benefits of the indemnification of

such Tax Indemnatee provided by this Section 18 in connection with such claim, action, proceeding or suit, and (y) reimburse Lessee for all amounts paid by Lessee with respect to such non-contested claim, action, proceeding, or suit. If any Tax Indemnatee actually obtains a refund (or would have actually received such a refund but for offset by matters not indemnifiable by Lessee under Section 18(a)) of all or any part of any tax paid or reimbursed by Lessee, such Tax Indemnatee shall promptly pay to Lessee the amount of such refund (or the amount of such offset) plus any interest thereon (less any taxes imposed on such Tax Indemnatee with respect to such interest) received from the relevant taxing authority (or which would have been received with respect to the amount of such an offset) plus the amount of any tax benefits realized by such Tax Indemnatee as a result of such payment (net of any net tax detriment resulting from the receipt of the refund and interest on the refund (after giving effect to such Tax Indemnatee's obligations to make payments to Lessee under this sentence)).

(c) At least five Business Days prior to the first date on which any payment is due hereunder for the account of any Affected Party not incorporated under the laws of the United States or a state thereof, such Affected Party agrees that it will have delivered to each of Lessee and Lessor two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Affected Party is entitled to receive payments of interest and/or yield and a return of the principal amount of the Acquisition Cost under the transaction documents without deduction or withholding of any United States federal income taxes. Each Affected Party which so delivers a Form W-8BEN or W-8ECI, further undertakes to deliver to each of Lessee and Lessor two additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Form W-8BEN and one calendar year for Form W-8ECI) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by Lessee or Lessor, in each case certifying that such Affected Party is entitled to receive payments under the transaction documents without deduction or withholding of any United States federal income taxes, unless any change in treaty, law or regulation has occurred prior to the date on which any delivery of such additional forms would otherwise be required which changes such Affected Party's entitlement to receive any payments without withholding and such Affected Party advises Lessee that it is no longer entitled to receive payments without any withholding of United States federal income tax.

19. Indemnification Except as otherwise provided in this Lease, Lessee hereby assumes liability for, and does hereby agree to indemnify, protect, save, defend, and hold harmless Lessor, each Assignee and their respective wholly-owned subsidiaries, parents, other wholly-owned subsidiaries of such parents,

officers, directors, successors, assigns, and agents (each such party being herein, for purposes of this Section 19, called an “Indemnified Party”) on an After-Tax Basis from and against any and all obligations, fees (including switching fees), charges (including demurrage charges), liabilities, losses, damages, penalties, claims, demands, actions, suits, judgments, costs and expenses, including legal expenses, of every kind and nature whatsoever, imposed on, incurred by, or asserted against any Indemnified Party, in any way relating to or arising out of (a) the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, titling or retitling, registration or reregistration, delivery, leasing, subleasing, releasing, possession, use, operation, storage, removal, return, repossession, sale or other disposition of the Equipment or any Item of Equipment, or any part thereof, including those that may arise from (i) the transactions contemplated by this Lease or the other transaction documents, (ii) the loss or damage to any property or death or injury to any persons, (iii) patent or latent defects in any Item of Equipment (whether or not discoverable by Lessee or any Indemnified Party), (iv) any claims based on strict liability in tort, (v) any claims based on patent, trademark, trade name or copyright infringement, (vi) any claims based upon any non-compliance with or violation of any environmental control, noise or pollution laws or requirements, including fines and penalties arising from violations of or noncompliance with such requirements or failure to report discharges, and costs of clean-up of any discharge, and (vii) any loss or damage to any commodities loaded or shipped in the Equipment; or (b) any failure on the part of Lessee to perform or comply with any of the terms of this Lease; or (c) any power of attorney issued to Lessee in connection with this Lease (all the foregoing being “Liabilities”). Lessee shall give each Indemnified Party prompt notice of any occurrence, event or condition known to Lessee as a consequence of which any Indemnified Party may be entitled to indemnification hereunder. Lessee shall, forthwith upon demand of any such Indemnified Party, reimburse such Indemnified Party for amounts reasonably expended by it in connection with any of the foregoing or pay such amounts directly; provided, however, that Lessee shall not be liable to such Indemnified Party under this Section 19 for any of the foregoing Liabilities to the extent they arise from the gross negligence, willful misconduct, or breach of contract of such Indemnified Party, or to the extent that they arise from any transfer of Lessor’s interest in any Item or this Lease (other than a transfer resulting from an Event of Default, an Event of Loss, or a sale, made under Section 28 or 29 hereof, or any transfer made at Lessee’s request or direction). Lessee shall be subrogated to an Indemnified Party’s rights in any matter with respect to which Lessee has actually reimbursed such Indemnified Party for amounts expended by it or has actually paid such amounts directly pursuant to this Section 19. If any claim for a Liability is made against Lessor or any Indemnified Party and such party has received notice thereof, such party receiving notice of such Liability shall promptly notify Lessee; provided, that the failure to provide such notice promptly shall not release Lessee from any of its obligations to indemnify

hereunder, except to the extent that such failure adversely affects any applicable defense or counterclaim, or otherwise increases the amount Lessee would have been liable for in the absence of such failure. Subject to the rights of any insurer under any policy of insurance maintained pursuant to this Lease, and if no Event of Default shall exist, Lessee shall have the right to investigate and defend or compromise any Liability for which it may be required to indemnify under this Section 19, and each Indemnified Party agrees to cooperate with all responsible requests of Lessee in connection therewith. Notwithstanding any of the foregoing to the contrary, Lessee shall not be entitled to assume responsibility for and control of any such judicial or administrative proceedings if (i) any Event of Default shall exist, (ii) such proceedings will involve a material risk of the sale, forfeiture, or loss of, or the creation of any Lien (other than a Permitted Lien) on, any Item, unless Lessee posts a bond or other security satisfactory to the relevant Indemnified Party in respect to such risk, or (iii) such proceedings would involve the imposition of criminal liability (other than minor fines which have no materially adverse effect on any Indemnified Party) on an Indemnified Party or if such contest will in the reasonable opinion of such Indemnified Party be inappropriate under applicable standards of professional conduct. An Indemnified Party may participate at its own expense and with its own counsel in any judicial proceeding controlled by Lessee pursuant to the preceding provisions. In the case of any Liability covered by any policy of insurance maintained pursuant to this Lease, each Indemnified Party shall cooperate with all reasonable requests of the insurers in the exercise of their rights to investigate, defend, or compromise such claim as may be required by such policy to maintain the insurance coverage provided to the parties thereunder. The provisions of this Section 19, and the obligations of Lessee under this Section 19, shall apply from the date of the execution of this Lease notwithstanding that the Term may not have commenced, and shall survive and continue in full force and effect (as to any event occurring or condition existing during the Term) notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term, and are expressly made for the benefit of, and shall be enforceable by, each Indemnified Party.

20. NO WARRANTIES. LESSOR HEREBY LEASES THE EQUIPMENT TO LESSEE AS-IS AND EXPRESSLY DISCLAIMS AND MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MERCHANTABILITY, DURABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE EQUIPMENT, OR ANY OTHER IMPLIED REPRESENTATION OR WARRANTY CONCERNING THE EQUIPMENT. LESSEE ACKNOWLEDGES THAT IT HAS ALONE SELECTED THE EQUIPMENT AND MANUFACTURERS. LESSEE HEREBY WAIVES ANY CLAIM (INCLUDING ANY CLAIM BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT OR INFRINGEMENT) IT MIGHT HAVE AGAINST LESSOR FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL,

SPECIAL, OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY THE EQUIPMENT OR BY LESSEE'S LOSS OF USE THEREOF FOR ANY REASON WHATSOEVER (OTHER THAN A BREACH OF SECTION 2(b)), INCLUDING COMPLIANCE WITH ENVIRONMENTAL LAWS. So long and only so long as the Equipment shall be subject to this Lease and Lessee shall be entitled to possession of the Equipment hereunder, and provided no Event of Default exists for which Lessor is exercising (or is stayed or otherwise legally restrained from exercising) remedies against Lessee or the Equipment, Lessor (a) hereby assigns to Lessee all of Lessor's rights against the Manufacturer of the Equipment, including rights for breach of warranty and representatives, and (b) further authorizes Lessee, at Lessee's expense, to assert for Lessor's account, all rights and powers of Lessor under any manufacturer's, vendor's or dealer's warranty with respect to the Equipment, any Item of Equipment or any part thereof; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization.

21. Lessee's Representations and Warranties. Lessee hereby represents and warrants that:

(a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia, and is qualified to do business in, and is in good standing in, each state or other jurisdiction in which the nature of its business makes such qualification necessary;

(b) Lessee has the corporate power and authority to execute and perform this Lease and to lease the Equipment hereunder, and has duly authorized the execution, delivery and performance of this Lease;

(c) the leasing of the Equipment from Lessor by Lessee, Lessee's execution and delivery of this Lease, the Lease Supplement, and other related instruments, documents and agreements, and the compliance by Lessee with the terms hereof and thereof, and the payments and performance by Lessee of all of its obligations hereunder and thereunder (i) have been duly and legally authorized by appropriate corporate action taken by Lessee, (ii) are not in contravention of, and will not result in a violation or breach of, any of the terms of Lessee's Articles of Incorporation, its By-Laws, or of any provisions relating to shares of the capital stock of Lessee, and (iii) will not violate or constitute a breach of any provision of law, any order of any court or other Governmental Authority, or any indenture, agreement or other instrument to which Lessee is a party, or by or under which Lessee or any of Lessee's property is bound, or be in conflict with, result in a breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or instrument, or

result in the creation or imposition of any Lien upon any of Lessee's property or assets other than the Liens contemplated hereby and Permitted Liens;

(d) this Lease has been executed and delivered to Lessor by the duly authorized officer or officers of Lessee and constitutes, and when executed by the duly authorized officer or officers of Lessee, the Lease Supplement, and related instruments, documents and agreements with respect to each Item of Equipment will constitute, the legal, valid and binding obligations of Lessee, enforceable in accordance with their terms (subject to such exceptions and limitations as are disclosed in the opinion referred to in Section 3(h)) and bankruptcy and similar laws affecting creditor's rights generally;

(e) neither the execution and delivery of this Lease or the Lease Supplement by Lessee, nor the payment and performance by Lessee of all of its obligations hereunder and thereunder, requires the consent or approval of, the giving of notice to, or the registration, filing or recording with, or the taking of any other action in respect of, any federal, state, local or foreign government or governmental authority or agency or any other Person other than filing of this Lease and the Lease Supplement with the Surface Transportation Board;

(f) no mortgage, deed of trust, or other Lien which now covers or affects any property or interest therein of Lessee, now attaches to the Equipment or any Item of the Equipment, the proceeds thereof or this Lease, or in any manner affects or will affect adversely Lessor's rights and security interest therein;

(g) Lessee holds all licenses, certificates and permits from governmental authorities necessary to use and operate the Equipment in accordance with the provisions of this Lease;

(h) there is no litigation or other proceeding now pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, in any court or before any regulatory commission, board or other Governmental Authority (i) which would directly or indirectly adversely affect or impair this Lease, any Item of Equipment, or the title of Lessor to the Equipment, or (ii) which, except as may be contemplated and disclosed under the Disclosure Documents, would materially adversely affect Lessee's financial condition;

(i) all balance sheets, statements of profit and loss and other financial statements set forth in the Disclosure Documents fairly present the financial condition of Lessee on the dates for which, and the results of its operations for the periods for which, the same have been furnished, and have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby (except as noted therein); and there has been no material adverse change in the financial condition of Lessee,

since the date of the Disclosure Documents, except as may be contemplated and disclosed under the Disclosure Documents;

(j) neither Lessor nor any Assignee or Affiliate thereof nor any shareholder of the foregoing shall, by reason of (i) the ownership of the Equipment or any part thereof by Lessor or Assignee, (ii) the lease of the Equipment to Lessee under this Lease, or (iii) any other transaction contemplated by this Lease or any other document executed in connection herewith, be deemed by any Governmental Authority having jurisdiction to be, or be subject to regulation as, an "electric utility", a "gas utility", a "public utility", a "public utility holding company", or an "affiliate" of a "public utility holding company" under the 1935 Act or under any other existing law, rule or regulation (or applicable authoritative interpretation thereof) of the federal government of the United States of America, of Lessee's state of incorporation, or any subdivision thereof;

(k) neither Lessor, any Assignee, nor any Affiliate or shareholder thereof shall be subject to any liabilities, duties or obligations under the 1935 Act as a result of the transaction contemplated hereby;

(l) except for (A) the filings required pursuant to Section 3(f) and (B) the filing of financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created by such documents under the Uniform Commercial Code of Georgia, no further action, including any filing or recording of any document (including any other financing statement in respect thereof under Article 9 of the U.C.C.), is necessary or advisable in order to establish and perfect Lessor's title to and interest in the Equipment as against Lessee, and any third parties in any applicable jurisdictions in the United States;

(m) the Disclosure Documents and the Equipment Documents taken as a whole, are true and correct in all material respects and do not omit any information necessary to make the information provided, in light of the circumstances under which such information was provided, not materially misleading;

(n) (i) no ERISA Event has occurred or, to the best of Lessee's knowledge, is reasonably expected to occur with respect to any Plan of Lessee or any of its ERISA Affiliates which would result in a material liability to Lessee; (ii) since the date of the most recent Schedule B (Actuarial Information) to the annual report of Plans maintained by Lessee (Form 5500 Series), if any, there has been no material adverse change in the funding status of the Plans referred to therein and, to the best of Lessee's knowledge, no "prohibited transaction" has occurred with respect thereto which is reasonably expected to result in a material liability to Lessee; and (iii) neither Lessee nor any of its

ERISA Affiliates has incurred nor, to the best of Lessee's knowledge, reasonably expects to incur any material withdrawal liability under ERISA to any Multiemployer Plan; and

(c) Lessee is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

22. Events of Default. Any of the following events shall constitute an Event of Default:

(a) Lessee shall fail to make any payment of Basic Rent or any Supplemental Payment on the date due, and that failure shall continue for at least five Business Days after Lessor notifies Lessee of it; or

(b) Lessee shall fail to observe or perform any of the covenants, agreements or obligations of Lessee set forth in Section 6 or 30(b) hereof or shall operate the Equipment when failing to maintain in effect the insurance required under Section 17 hereof; or

(c) Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Lease, or in any agreement or certificate furnished to Lessor or any Assignee in connection herewith, and such failure shall continue unremedied for thirty days after written notice to Lessee specifying such failure and demanding the same to be remedied; provided, however, that the continuation of such failure for a period of thirty days or more after such notice has been so given (but in no event for a period which is of a duration longer than ninety days or the remainder of the Term, whichever is shorter) shall not constitute an Event of Default if (i) such failure can be remedied but cannot be remedied within such thirty days, (ii) Lessee is diligently pursuing a remedy of such failure and (iii) such failure does not impair in any material respect Lessee's ability to perform its obligations hereunder or Lessor's interest in the Equipment; or

(d) any representation or warranty made by Lessee under this Lease or in the Lease Supplement or in any document or certificate furnished to Lessor or any Assignee in connection herewith or pursuant hereto, shall prove to be untrue or incorrect in any material respect when made; provided, that if the effect of such misrepresentation or warranty is reasonably curable, Lessee shall have 30 days after Lessee's receipt of notice from Lessor to effect a cure; or

(e) Lessee shall (i) generally fail to pay, or admit in writing its inability to pay, its debts as they become due, or shall voluntarily commence any case or proceeding or file any petition under any bankruptcy, insolvency or similar

law or seeking dissolution, liquidation or reorganization or the appointment of a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material allegations of any involuntary petition filed against it in any bankruptcy, insolvency or similar case or proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian or liquidator for itself or substantially all of its property, assets or business; or

(f) involuntary proceedings or an involuntary petition shall be commenced or filed against Lessee under any bankruptcy, insolvency or similar law or seeking the dissolution, liquidation or reorganization of Lessee or the appointment of a receiver, trustee, custodian or liquidator for Lessee or of substantially all of the property, assets or business of Lessee, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against substantially all of the property, assets or business of Lessee, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, vacated or fully bonded, within sixty consecutive days after commencement, filing or levy, as the case may be.

23. Remedies Upon Default.

(a) Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may exercise one or more of the following remedies as Lessor in its sole discretion may elect:

(i) Lessor may terminate or cancel this Lease, without prejudice to any other remedies of Lessor hereunder, with respect to all or any Item of Equipment, and whether or not this Lease has been so terminated, may enter the premises of Lessee or any other party to take immediate possession of the Equipment and remove all or any Item of Equipment by summary proceedings or otherwise, or may cause Lessee, at Lessee's expense, to store, maintain, surrender and deliver possession of the Equipment or such Item in the same manner as provided in Section 6 hereof, all without liability to Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise;

(ii) Lessor may hold, keep idle or lease to others the Equipment or any Item of Equipment, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with

respect thereto, except as required by this Lease or Applicable Law (including Uniform Commercial Code Article 9, Part 5);

(iii) Lessor may sell the Equipment or any Item of Equipment at public or private sale as Lessor may determine, free and clear of any rights of Lessee (except as required by Applicable Law, including Uniform Commercial Code Article 9, Part 5), and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for the Equipment or Item(s) so sold for any Rental Period commencing after the date on which such sale occurs), the sum of (w) all unpaid Basic Rent payable for each Item of Equipment for all Rental Periods through the date on which such sale occurs, plus (x) an amount equal to the excess, if any, of (A) the Casualty Loss Value of the Item(s) of Equipment so sold, computed as of the Rent Payment Date coincident with (or, if the sale is not on a Rent Payment Date, next preceding) the date of such sale, over (B) the net proceeds of such sale, plus interest at the rate specified in Section 25 hereof on the amount of such excess from the Rent Payment Date as of which such Casualty Loss Value is computed until the date of actual payment, plus (y) any applicable Make Whole Premium, plus (z) all unpaid Supplemental Payments due with respect to each Item of Equipment so sold;

(iv) Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under clause (i) or (ii) above with respect to any Item(s) of Equipment, Lessor, by written notice to Lessee specifying a payment date, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for any Item(s) of Equipment for any Rental Period commencing after the payment date specified in such notice and in lieu of the exercise by Lessor of its remedies under clause (ii) above in the case of a re-lease of such Item(s) or under clause (iii) above with respect to a sale of such Item(s)), the sum of (i) all unpaid Basic Rent payable for such Item(s) for all Rental Periods through the payment date specified in such notice, plus (ii) all unpaid Supplemental Payments due with respect to such Item(s) as of the payment date specified in such notice, plus (iii) an amount, with respect to each such Item, equal to the Casualty Loss Value of such Item(s) computed as of the Rent Payment Date coincident with (or, if the payment date specified is not a Rent Payment Date, next preceding) the payment date specified in such notice; provided, however, that with respect to any such Item(s) returned to or repossessed by Lessor, the amount recoverable by Lessor pursuant to the foregoing shall be reduced (but not below zero) by an amount equal to the Fair Market Sales Value of such Item(s) as of the

date on which Lessor has obtained possession of such Item(s), plus
(iv) any applicable Make Whole Premium;

(v) Unless the Equipment has been sold in its entirety, Lessor may, whether or not Lessor shall have exercised or shall thereafter at any time exercise any of its rights under clause (ii), (iii) or (iv) of this Section 23 with respect to the Equipment or portions thereof, demand, by written notice to Lessee specifying a date not earlier than ten days after the date of such notice, that Lessee purchase, on such date, the Equipment (or the remaining portion thereof) in accordance with the provisions of Section 28(b)(II) (except as such provisions are modified by this clause (v)); provided, however that no such written notice shall be required upon the occurrence of any Event of Default described in clause (e) or (f) of Section 22, in which event Lessee will immediately purchase the Equipment (or the remaining portion thereof) in accordance with Section 28 (b); and

(vi) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease.

In addition, Lessee shall be liable for all costs and expenses, including attorney's fees, reasonably incurred by Lessor or any Assignee by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of the Equipment in accordance with Section 6 hereof or in placing the Equipment in the condition required by said Section. Except as otherwise expressly provided above, no remedy referred to in this Section 23 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not constitute the exclusive election of such remedies and shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

(b) After the sale of all of the Equipment pursuant to the exercise of Lessor's remedies under this Lease, any amounts collected by Lessor in such sale or sales which exceed the sum of (i) the applicable Casualty Loss Values for all Items of Equipment subject to this Lease, plus (ii) any amounts owed by Lessee to Lessor under this Lease, plus (iii) the costs and expenses incurred by Lessor in consummating such sale, shall be paid to Lessee by Lessor.

24. Lessor's Right to Perform for Lessee. If Lessee fails to make any Supplemental Payment required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself, after at least five Business Days' prior written notice to Lessee (unless sooner payment or action is required to avoid a material adverse effect on any Item of Equipment or Lessor's interests therein, but then only after two Business Days' written notice to Lessee), make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate specified in Section 25 hereof, shall, if not paid by Lessee to Lessor on demand, be deemed a Supplemental Payment hereunder.

25. Late Charges. Lessee shall pay to Lessor, upon demand, to the extent permitted by applicable law, interest on any installment of Basic Rent not paid when due, and on any Supplemental Payment or other amount payable under this Lease which is not paid when due, for any period for which any of the same is overdue (without regard to any grace period) at a rate equal to the lesser of (a) the Applicable Rate plus two percent per annum, or (b) the maximum rate of interest permitted by law.

26. Further Assurances. Lessee will promptly and duly execute and deliver to Lessor and any Assignee such other documents and assurances, including Uniform Commercial Code financing statements and continuation statements, and filings with the Surface Transportation Board, and will take such further action as Lessor or any Assignee may from time to time reasonably request in order to carry out more effectively the intent and purposes of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor and of any Assignee and their respective rights, title and interests in and to the Equipment.

27. Notices. All notices provided for or required under the terms and provisions hereof shall be in writing (including facsimile) and addressed, delivered or transmitted to the appropriate party at its address or facsimile number as set forth or Schedule I hereto, or in the case of any Assignee, to the address or facsimile number as such Assignee shall designate in writing to Lessor and Lessee, or in each case at such other address or facsimile number as an addressee shall designate in writing to the other parties. Any notice, if mailed or sent by courier service, shall be deemed given when delivered; any notice, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed.

28. Lessee's Renewal, Purchase and Sale Options.

(a) Lessee's Renewal Option. Lessee shall be entitled, at its option, to request that Lessor renew this Lease for a Renewal Term with respect to all, but not less than all, of the Equipment. Lessee must make such a request for renewal by written notice to Lessor not less than 180 days prior to the expiration of the Basic Term. Lessee may designate in such written request that it is requesting either a five-year or a ten-year Renewal Term. No such renewal shall occur unless each of the following conditions has been satisfied:

- (i) Lessor and Lessee have reached mutual agreement as to Basic Rent, Casualty Loss Values, Maximum Lessor Risk Amount, and Estimated Residual Value applicable to the Renewal Term;
- (ii) Lessor shall have received all necessary internal credit approvals customarily required by Lessor for the renewal on the terms proposed pursuant to clause (i) above;
- (iii) no Event of Default shall exist at any time from the exercise of Lessee's option under this subsection until the commencement date of the Renewal Term, for which Lessor is exercising (or is stayed or otherwise legally restrained from exercising) remedies against Lessee or the Equipment; and
- (iv) this Lease shall not have been earlier terminated.

In the event that the above-stated conditions to renewal are satisfied, then all other terms of this Lease and the Lease Supplement shall apply to the Equipment during the Renewal Term. The Renewal Term shall commence at the expiration of the Basic Term. If Lessee shall fail to give a timely notice of election to exercise the option to request a Renewal Term, or if the conditions set forth in clauses (i) and (ii) have not been satisfied prior to 30 days before the expiration of the Basic Term, then Lessee's option to renew shall expire and Lessee shall proceed at the end of the Basic Term in accordance with Section 28(b) or Section 28(c), as applicable. Nothing contained in this Section 28(a) shall obligate Lessor to agree to any renewal terms proposed by Lessee.

(b) Lessee's Purchase Options.

(I) End of Term. Lessee shall be entitled, at its option, upon written notice to Lessor as hereinafter provided, to purchase all, but not less than all, of the Equipment, if this Lease shall not have been earlier terminated. Such purchase shall be consummated, and Lessee shall pay the purchase price therefor to Lessor in immediately available funds, on the Termination Date. The purchase price for each such Item shall be an amount (the "End-of-Term Purchase Option Amount"), payable in immediately available funds, equal to the Estimated Residual Value of

such Item of Equipment as of the Basic Term or Renewal Term thereof then ending; in addition, Lessee shall pay to Lessor on the Termination Date, in immediately available funds, (x) the Basic Rent due and payable on the Termination Date, plus (y) any applicable sales, excise or other taxes imposed as a result of such sale (other than net income taxes attributable to such sale), plus (z) any Supplemental Payments then due and owing to Lessor hereunder. Lessor's sale of each Item of Equipment shall be on an as-is, where-is basis, without any representation or warranty by, or recourse to, Lessor except that Lessor shall warrant that each such Item of Equipment shall be returned free and clear of all Liens of the sort described in clause (d) of the definition of Permitted Liens. If Lessee intends to exercise said purchase option in respect of the Termination Date, Lessee shall give written notice to Lessor to such effect at least 180 days prior to the expiration of the Basic Term or, if Lessee has renewed this Lease pursuant to Section 28(a) hereof, then at least 180 days prior to the expiration of the Renewal Term. If Lessee gives such written notice to Lessor, or fails to give notice of Lessee's intent to renew this Lease at least 180 days prior to the end of the Basic Term or to return the Equipment at least 180 days prior to the end of the Term, such notice or omission shall constitute the irrevocable and binding obligation of Lessee to purchase the Equipment and to pay Lessor the End-of-Term Purchase Option Amount on the Termination Date.

(II) Early Buyout Option. Lessee shall be entitled, at its option, upon written notice to Lessor as hereinafter provided, to purchase any Item of Equipment, unless (i) an Event of Default exists, or (ii) this Lease shall have been earlier terminated; provided that if the aggregate purchase price of Items purchased by the Lessee under this paragraph (II) at any time exceeds 25% of the aggregate Casualty Loss Values on the purchase date of all Items of Equipment subject to this Lease as of the Closing Date, the Lessee will be deemed to have exercised its end-of term purchase option under Section 28(b)(I) with respect to all Items of Equipment subject to this Lease on the Termination Date. Such purchase shall be consummated, and Lessee shall pay the purchase price therefor to Lessor in immediately available funds, on the Rent Payment Date specified in Lessee's notice to Lessor. The date of purchase shall be no earlier than the second anniversary of the Closing Date. The purchase price for each such Item shall be an amount equal to the Casualty Loss Value of such Item of Equipment as of the immediately preceding Rent Payment Date. In addition, Lessee shall pay to Lessor on the early buyout date, in immediately available funds, (w) an amount obtained by multiplying (1) such Casualty Loss Value by (2) the Variable Rate Percentage or the Fixed Rate, as the case may be, by (3) the number of days from and including the commencement of the then effective Rental Period to but excluding the date of purchase by (4) 1/360, plus (x)

any applicable sales, excise or other taxes imposed as a result of such sale (other than net income taxes attributable to such sale), plus (y) any applicable Make Whole Premium, plus (z) any Supplemental Payments then due and owing to Lessor hereunder (including any amounts payable pursuant to Section 33 as a result of such purchase). Lessor's sale of each Item of Equipment shall be on an as-is, where-is basis, without any representation or warranty by, or recourse to, Lessor except that Lessor shall warrant that each such item of Equipment shall be returned free and clear of all Liens of the sort described in clause (d) of the definition of Permitted Liens. If Lessee intends to exercise said purchase option, Lessee shall provide Lessor with ninety days' prior written notice thereof specifying the proposed purchase date (which date shall be a Rent Payment Date).

(c) Third Party Sale of Equipment.

(i) Remarketing Obligations. If Lessee delivers written notice to Lessor that Lessee has elected to return the Equipment, then Lessee shall have the obligation during the last 180 days of the Basic Term, or the then current Renewal Term, if applicable (the "Remarketing Period"), to obtain bona fide bids for not less than all of the Equipment from prospective purchasers who are financially capable of purchasing such Items of Equipment for cash on an as-is, where-is basis, without recourse or warranty except that Lessor shall warrant that each such Item of Equipment shall be returned free and clear of all Liens of the sort described in clause (d) of the definition of Permitted Liens; provided, however, that Lessee may only elect to return the Equipment if on the date of such notice and on the Termination Date the Equipment satisfies the provisions of clauses 6(a) through 6(i). All such bids received by Lessee prior to the end of the Basic Term, or Renewal Term if applicable, of such Item(s) of Equipment shall be immediately certified to Lessor in writing, setting forth the amount of such bid and the name and address of the person or entity submitting such bid. Notwithstanding the foregoing, Lessor shall have the right, but not the obligation, to seek bids for the Equipment during the Remarketing Period.

(ii) Sale of Equipment. On the Termination Date, provided that all the conditions hereof have been met and Lessee has by written notice elected to return such Items of Equipment, Lessor shall sell (or cause to be sold) all of the Equipment, for cash to the bidder, if any, selected by Lessee on an as-is, where-is basis and without recourse or warranty except that Lessor shall warrant that each such Item of Equipment shall be returned free and clear of all Liens of the sort described in clause (d) of the definition of Permitted Liens, and upon receipt by Lessor of the sales price Lessor shall instruct Lessee to deliver and Lessee shall deliver

such Item(s) of Equipment to such bidder; provided, that (x) any such sale shall be consummated, and the sales price for such Item shall be paid to Lessor in immediately available funds, on or before the Termination Date, and (y) Lessor shall not be obligated to sell such Equipment if (I) the Net Proceeds of Sale of such Items are less than the aggregate Maximum Lessor Risk Amount applicable to such Items as of the Termination Date, or (II) Lessor has not received the amounts, if any, payable by Lessee pursuant to Section 29(a). Except as expressly set forth herein, Lessee shall have no right, power or authority to bind Lessor in connection with any proposed sale of the Equipment.

29. End-of-Term Rental Adjustment.

(a) Third Party Sale of Equipment. This Section 29(a) shall apply only if a sale of the Equipment pursuant to Section 28(c) hereof is being consummated on the Termination Date. If the aggregate proceeds of sale of all Items, after deducting therefrom the aggregate amount of all costs (other than sales commissions or similar third-party fees, unless approved in writing by Lessee) incurred by Lessor or any Assignee in connection with such sales (such net amount being hereinafter referred to as "Net Proceeds of Sale") are less than the aggregate Estimated Residual Value of all of the Equipment as of the Termination Date, Lessee shall, on the Termination Date, pay to Lessor, in immediately available funds, (x) an amount equal to such deficiency (a "Deficiency") as an adjustment to the Basic Rent payable under this Lease, plus (y) the Basic Rent due and payable for the Equipment on the Termination Date, plus (z) any Supplemental Payments then due and owing to Lessor hereunder; provided, however, that if no Event of Default shall exist, the amount of the Deficiency payable by Lessee shall not exceed the Maximum Lessee Risk Amount as set forth in the Lease Supplement for the Termination Date. If the Net Proceeds of Sale of the Equipment exceed the aggregate Estimated Residual Value of the Equipment, then Lessor shall apply that excess to any amounts that Lessee then owes to Lessor hereunder with respect to such Items (or, if an Event of Default exists, to any other amount that Lessee then owes to Lessor), and shall pay to Lessee the remainder of such excess as an adjustment to the Basic Rent payable under this Lease.

(b) Lessee Payment. If a sale of all Items of Equipment pursuant to Section 28(b) hereof or Section 28(c) hereof has not been consummated on the Termination Date for any reason (other than Lessor's election, pursuant to Section 28(c)(ii)(y)(I), to decline to sell), then Lessee shall, on the Termination Date, purchase such Items as if it had elected a purchase under Section 28(b)(I).

30. Covenants of Lessee. Lessee agrees, for the benefit of Lessor and each Assignee, as follows:

(a) Financial Information. Lessee agrees to furnish Lessor (1) as soon as available, and in any event within 120 days after the last day of each fiscal year of Lessee, a copy of Lessee's Annual Report on Form 10-K (including any financial information incorporated by reference therein), if any, filed with the SEC for such fiscal year; (2) within sixty days after the last day of each fiscal quarter of Lessee (except the last such fiscal quarter), a copy of Lessee's Quarterly Report on Form 10-Q, if any, filed with the SEC for such quarterly period; (3) within fifteen days after filing with the SEC, all Current Reports on Form 8-K; and (4) such additional financial information as Lessor may reasonably request concerning Lessee.

In the event Lessee is no longer obligated to file Forms 10-K and 10-Q with the SEC, Lessee shall furnish to Lessor the financial statements required to be filed under such Forms on or prior to the dates specified in the preceding sentence.

(b) Mergers, etc. Lessee shall not merge into or consolidate with or into any other Person, or dissolve or liquidate [except in connection with a sale, transfer or other disposition permitted by this Section 30(b)], or sell, transfer, or otherwise dispose of substantially all Lessee's assets, except that Lessee may merge with or into or consolidate with or into another Person, or sell, transfer, or otherwise dispose of substantially all Lessee's assets, if, immediately after giving effect thereto, (1) Lessee is the surviving corporation, or the surviving (if not Lessee) or resulting corporation shall have assumed, in writing, the obligations of Lessee under this Lease, (2) the surviving entity or resulting entity or transferee, as applicable, will have a net worth at least equal to 80% of the net worth of Lessee prior to such merger, consolidation or transfer, and (3) no Event of Default then exists and no Default or Event of Default would occur as a result of such merger, consolidation or transfer.

(c) ERISA. As soon as possible and in any event (A) within thirty days after any ERISA Event described in clause (i) of the definition of ERISA Event with respect to any Plan of Lessee or any ERISA Affiliate of Lessee has occurred and (B) within ten days after any other ERISA Event with respect to any Plan of Lessee or any ERISA Affiliate of Lessee has occurred, Lessee shall deliver to Lessor a statement of Lessee (signed on its behalf by a Responsible Officer of Lessee) describing such ERISA Event and the action, if any, which Lessee or such ERISA Affiliate proposes to take with respect thereto.

(d) ERISA Information. Promptly after receipt thereof by Lessee or any of its ERISA Affiliates from the PBGC, Lessee shall deliver to Lessor copies of each notice received by Lessee or such ERISA Affiliate of the PBGC's intention to terminate any Plan of Lessee or such ERISA Affiliate or to have a trustee appointed to administer any such Plan.

(e) ERISA Notice. Promptly after receipt thereof by Lessee or any ERISA Affiliate of Lessee from a Multiemployer Plan sponsor, Lessee shall deliver to Lessor a copy of each notice received by Lessee or such ERISA Affiliate concerning the imposition or amount of withdrawal liability in an aggregate principal amount of at least \$10 million pursuant to Section 4202 of ERISA in respect of which Lessee or such ERISA Affiliate is reasonably expected to be liable.

(f) Litigation. Lessee shall deliver to Lessor, promptly after Lessee becomes aware of the occurrence thereof, notice of all actions, suits, proceedings or other events for which Lessor will be entitled to indemnity hereunder.

31. Payment of Transaction Expenses. Lessee agrees, whether or not the transactions contemplated by this Lease are consummated, to pay (or reimburse Lessor for the payment of) all Transaction Expenses that are not included in Acquisition Cost.

32. Owner for Income Tax Purposes. Lessor agrees that Lessee shall be deemed the owner of the Equipment for federal, state and local income tax purposes and that, so long as no Event of Default shall have occurred and be continuing, Lessor shall take no action inconsistent with such ownership for income tax purposes.

33. Additional LIBOR Provisions.

(a) Illegality. If, on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lessor or any Affected Party (or any Funding Office thereof) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall in the opinion of counsel to Lessor make it unlawful or impossible for Lessor or any Affected Party (or any Funding Office thereof) to determine the Variable Rent on the basis of LIBOR, Lessor shall so notify Lessee, whereupon until Lessor notifies Lessee that the circumstances giving rise to such suspension no longer exist, Variable Rent shall be determined on the basis of the Alternate Base Rate. Lessor, with the consent of Lessee (which consent shall not unreasonably be withheld), will designate a different Funding Office if such designation will avoid the need for giving such notice and will not be otherwise disadvantageous to Lessor in any material respect. If such notice is given (i) Lessee shall be entitled upon its request to a reasonable explanation of the factors underlying such notice and (ii) Variable Rent shall begin to be at the Alternate Base Rate

either (a) on the last day of the then-current Rental Period applicable thereto, if Lessor or the applicable Affected Party may lawfully continue to base the Variable Rent on LIBOR to such day or (b) immediately, if Lessor or any Affected Party shall determine that it may not lawfully continue to base the Variable Rent on LIBOR to such day.

(b) Inability to Determine LIBOR. If, prior to the commencement of any Rental Period, (or if, following the commencement of any Rental Period, prior to the first day of any Interest Period occurring during such Rental Period) adequate and reasonable means for ascertaining LIBOR for such Rental Period do not exist, Lessor shall give notice thereof to Lessee by telephone or facsimile as promptly as practicable thereafter and, until the circumstances giving rise to such notice no longer exist, the Variable Rent shall be determined on the basis of the Alternate Base Rate.

(c) Match Funding. If any payment of Variable Rent is made on any day other than the Rent Payment Date applicable thereto, then Lessee shall reimburse Lessor and any Assignee within 15 days after demand for any resulting loss or expense incurred by Lessor or any Assignee, including any loss incurred in obtaining, liquidating or employing funding from third parties, but excluding loss of margin for the period after any such payment or conversion or failure to prepay, provided that Lessor or such Assignee has delivered to Lessee a certificate as to the amount of such loss or expense, and describing in reasonable detail the basis and computation of such amount, which certificate shall be rebuttably presumed correct. Lessor or such Assignee will furnish such additional information concerning the determination of such loss as Lessee reasonably requests.

(d) Increased Cost and Reduced Return.

(1) If (x) Regulation D of the Board of Governors of the Federal Reserve System or (y) after the date hereof the adoption of any applicable law, rule or regulation, or any change therein or in the interpretation or application thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof or compliance by Lessor or any Assignee with any request or directive after the date hereof (whether or not having the force of law, provided that commercial banks generally comply with requests or directives of the same nature) of any such authority, central bank or comparable agency,

(aa) does or shall subject Lessor or any Assignee to any additional tax with respect to this Lease, or change the basis or the applicable rate of taxation of payments to Lessor of Variable Rent

or any other amount payable hereunder (except for the imposition of or change in any tax on or measured by the overall net income of Lessor or any Assignee; provided, however, that such amounts payable hereunder shall be without duplication of amounts paid or payable under Section 18 hereof and which would otherwise be covered under this clause (i);

(bb) does or shall impose, modify or hold applicable any reserve, special deposit, insurance assessment, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of Lessor or any Assignee which are not otherwise included in determination of the Variable Rent hereunder, or

(cc) does or shall impose on Lessor or any Assignee any other condition affecting Lessor's or any Assignee's extension or maintenance of its investment in the Equipment hereunder,

and the result of any of the foregoing is to increase the cost to (or, in the case of Regulation D referred to above, to impose a cost on) Lessor or any Assignee of extending or maintaining its investment in the Equipment or to reduce any amount received or receivable hereunder, then in any such case, Lessee shall promptly pay to Lessor or such Assignee, upon demand, any additional amounts necessary to compensate Lessor or such Assignee for such increased cost or reduction.

(2) If, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of increasing the cost to Lessor or any Assignee of maintaining its investment in the Equipment, then from time to time, within 15 days after Lessee's receipt from Lessor or such Assignee of a certificate setting forth the basis and amount of compensation under this paragraph (d)(2), Lessee shall pay to Lessor or such Assignee such additional amount or amounts as will compensate Lessor or such Assignee for such additional cost reasonably allocable to maintaining its investment in the Equipment.

(3) Lessor (and, if applicable, any Assignee) will promptly notify Lessee of any event of which it has knowledge, occurring after the date hereof, which will entitle Lessor or any Assignee to compensation

pursuant to this Section and will, if practicable, with Lessee's consent (which shall not unreasonably be withheld), designate a different Funding Office or take any other reasonable action if such designation or action will avoid the need for, or reduce the amount of, such compensation and will not be otherwise disadvantageous to Lessor or such Assignee in any material respect. A certificate of Lessor or such Assignee claiming compensation under this Section and setting forth in reasonable detail the basis and computation of the additional amount or amounts to be paid to it hereunder shall be rebuttably presumed correct. In determining such amount, any reasonable averaging and attribution methods may be used.

34. Governing Law; Waiver of Jury Trial. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance, except for any conflicts of law rules that would require the application of the laws of another jurisdiction. **Lessee and Lessor hereby waive any right to a trial by jury in any dispute arising under or in any way relating to the transactions contemplated by this Lease.**

35. Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing any party's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, Lessee and Lessor hereby waive any provision of law which renders any provision of this Lease prohibited or unenforceable in any respect. No term or provision of this Lease may be amended, altered, waived, discharged or terminated orally, but may be amended, altered, waived, discharged or terminated only by an instrument in writing signed by a duly authorized officer of the party against which the enforcement of the amendment, alteration, waiver, discharge or termination is sought. A waiver on any one occasion shall not be construed as a waiver on a future occasion. All of the covenants, conditions and obligations contained in this Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessor and Lessee (subject to the restrictions of Section 14 hereof). This Lease, the Lease Supplement, and each related instrument, document, agreement and certificate, collectively constitute the complete and exclusive statement of the terms of the agreement between Lessor and Lessee with respect to the acquisition and leasing of the Equipment, and cancel and supersede any and all prior oral or written understandings with respect thereto. This Lease and the Lease Supplement hereto may be executed by the parties hereto in separate counterparts, each of which when so executed and

delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[The remainder of this page has been
intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Leasing Agreement to be duly executed by their duly authorized representatives as of the date first above written.

Attest:
(Lessee)

James B. Weese
(Corporate Seal)

Lessee:

GEORGIA POWER COMPANY

By *W. R. Hinson*
Name: W. Ron Hinson
Title: Vice President + Comptroller

Attest:
(Lessee)

(Corporate Seal)

Lessor:

BTM CAPITAL CORPORATION

By _____
Name:
Title:

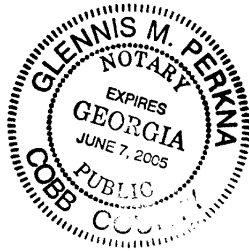
THIS IS COUNTERPART NO. 2 OF FIVE SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE PERFECTED THROUGH THE POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE OF GEORGIA)
) SS
COUNTY OF FULTON)

On this 30th of June, 2004, before me personally appeared W. Ron Hinson in Fulton County, Georgia, to me personally known, who being by me duly sworn, says that [s]he is the V.P. + Controller of **Georgia Power Company**, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Glenn M. Perkins
Notary Public

[NOTARIAL SEAL]



My commission expires: _____

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Leasing Agreement to be duly executed by their duly authorized representatives as of the date first above written.

Lessee:

GEORGIA POWER COMPANY

Attest:
(Lessee)

(Corporate Seal)

By _____
Name:
Title:

Lessor:

BTM CAPITAL CORPORATION

Attest:
(Lessor)

Harvey B. Collins
(Corporate Seal) Asst. Secretary

By John F. McCarthy
Name: John F. McCarthy
Title: Vice President

THIS IS COUNTERPART NO. 2 OF FIVE SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE PERFECTED THROUGH THE POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

COMMONWEALTH OF MASSACHUSETTS)
) SS
COUNTY SUFFOLK)

On this 30th day of June, 2004, before me personally appeared John F. McCarthy in the County of SUFFOLK, State of MASSACHUSETTS to me personally known, who being by me duly sworn, says that [s]he is the Vice President of **BTM Capital Corporation**, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Kathleen Cassidy
Notary Public

[NOTARIAL SEAL]

My commission expires: August 21, 2009

Notice of Information

Lessee:

Georgia Power Company
c/o Southern Company Services, Inc.
270 Peachtree Street, N.W., Suite 2000
Atlanta, GA 30303
Attention: Treasurer
Telephone No.: (404) 506-0713
Facsimile No.: (404) 506-0674

Lessor:

BTM Capital Corporation
111 Huntington Avenue, Suite 400
Boston, MA 02199
Attention: Senior Vice President, Portfolio Servicing
Telephone No.: (617) 345-5727
Facsimile No.: (617) 345-1444

EXHIBIT A TO
EQUIPMENT LEASING AGREEMENT

LEASE SUPPLEMENT NO. 1

(This is counterpart no. ____ of five serially
numbered manually executed counterparts)

This Lease Supplement is executed pursuant to, and incorporates by reference all of the terms, conditions and provisions, of, the Equipment Leasing Agreement (as amended and supplemented from time to time, the "Lease") dated as of June 30, 2004, between the undersigned as Lessor and Lessee.

Lessee hereby (a) acknowledges and certifies that (i) each Item of Equipment described below or on any Schedule attached hereto has been selected by, delivered to, and inspected by, Lessee, (ii) Lessee has reviewed and approved the purchase order, supply contract or purchase agreement covering each such Item, and (iii) that as between Lessor and Lessee, each such Item is of a size, design, capacity and manufacture acceptable to and suitable for and is in good working order, repair and condition; and (b) unconditionally and irrevocably accepts each such Item for lease under the Lease on the date hereof.

Lessor and Lessee hereby agree that each Item of Equipment described below or on any Schedule attached hereto is hereby leased from Lessor to Lessee under and subject to all of the terms, conditions and provisions of the Lease; that the Term with respect to each such Item commences on the date hereof, and that such date is the "Closing Date"; and that Acquisition Cost for all Items of Equipment covered by this Lease Supplement is as set forth below.

Lessee hereby agrees to pay the Basic Rent for all Items of Equipment covered by this Lease Supplement in the amounts and at the times specified in the Lease, reaffirms its acknowledgments and agreements in Section 8 of the Lease and certifies that its representations and warranties set forth in Section 21 of the Lease and in any related certificate delivered to Lessor are true and correct on the date hereof.

All capitalized terms used herein which are not defined herein shall have the meaning given to such terms in the Lease.

1. Description of Items of Equipment covered by this Lease Supplement:
Johnstown America Corporation specification 1400-849AR Non-Rotary Aluminum Autoflood II Car 4,400 Cubic Foot Capacity Coal Cars
2. Quantity:
699
3. A.A.R. Mechanical Designation
AAR Mechanical Designation - HTS
AAR Car Type Code - K341
4. Reporting Marks and Car Nos.: As set forth on Schedule II hereto.
5. Acquisition Cost for each Item of Equipment: As set forth on Schedule II hereto.
6. Closing Date/Basic Term Commencement Date: June 30, 2004
7. Basic Term: 7 years commencing on the Basic Term Commencement Date.
8. Renewal Term: 5 or 10 years, at Lessee's option, subject to the terms of Section 28(a).

9. Certain Values:

<u>Expiration of:</u>	Estimated Residual Value <u>Percentage:*</u>	Maximum Lessee Risk <u>Percentage:*</u>	Maximum Lessor Risk <u>Percentage:*</u>
Basic Term	[Percentage on file with Lessor]	[Percentage on file with Lessor]	[Percentage on file with Lessor]
Renewal Term (if any)	TBD	TBD	TBD

* Expressed as a percentage of the Acquisition Cost of each Item of Equipment

IN WITNESS WHEREOF, the parties hereto have caused this Lease Supplement to be duly executed by their duly authorized representatives as of June 30, 2004.

Lessee:

GEORGIA POWER COMPANY

Attest:
(Lessee)

(Corporate Seal)

By _____
Name:
Title:

Lessor:

BTM CAPITAL CORPORATION

Attest:
(Lessor)

(Corporate Seal)

By _____
Name:
Title:

THIS IS COUNTERPART NO. ____ OF FIVE SERIALY-NUMBERED MANUALLY-EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE PERFECTED THROUGH THE POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE OF GEORGIA)
) SS
COUNTY OF FULTON)

On this ____ of June, 2004, before me personally appeared _____ in Fulton County, Georgia, to me personally known, who being by me duly sworn, says that [s]he is the _____ of **Georgia Power Company**, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires: _____

STATE OF _____)
) SS
COUNTY _____)

On this ____ day of June, 2004, before me personally appeared _____ in the County of _____, State of _____, to me personally known, who being by me duly sworn, says that [s]he is the _____ of **BTM Capital Corporation**, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires: _____

SCHEDULE I
TO LEASE SUPPLEMENT NO. 1

Casualty Loss Values

Percentage

Rent Payment Date

SCHEDULE II TO
LEASE SUPPLEMENT NO. 1

Car Number and Acquisition Cost

<u>Car Number</u>	<u>Acquisition Cost</u>
HYWX 2001 through HYWX 2413, and HYWX 2415 through HYWX 2700	

EXHIBIT B TO
EQUIPMENT LEASING AGREEMENT
June 30, 2004

FUNDING NOTICE

BTM Capital Corporation
111 Huntington Avenue, Suite 400
Boston, MA 02199

Re: Lease Supplement No. 1

Gentlemen and Ladies:

Reference is made to the Equipment Leasing Agreement dated as of June 30, 2004 (as amended, supplemented or otherwise modified from time to time, the "Lease") between BTM Capital Corporation, as Lessor, and Georgia Power Company, as Lessee. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

The undersigned hereby gives notice to Lessor pursuant to Section 4(b) of the Lease of its request for a Funding of the Acquisition Cost of all Items of Equipment to be covered by Lease Supplement No. 1. In connection with such Funding, Lessee sets forth the following information:

- (i) Date of Funding: June 30, 2004.
- (ii) Acquisition Cost to be funded: \$ _____

Very truly yours,

GEORGIA POWER COMPANY,
as Lessee

By: _____
Name:
Title:

See Attachment I regarding Wiring Instructions

Attachment I

1. Wire Instructions